



Town of Bethlehem, New York

Basic Financial Statements
December 31, 2024

Town of Bethlehem, New York

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Independent Auditor's Report

Supervisor and Town Board
Town of Bethlehem, 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, 2024, 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, 2024, 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, 2024, 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 (Agency), 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 Agency 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 (*Government Auditing Standards*). 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 the depreciation on capital assets. In addition, the Town has not estimated its other postemployment benefit costs and obligations. Accounting principles generally accepted in the United States of America require the capitalization and depreciation of capital assets and the estimation of other postemployment benefit costs and obligations. The amounts by which these departures would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and expenses of the governmental activities have not been determined.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 5 through 16 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 GAAS, 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 the 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 GAAS. In our opinion, the combining balance sheet - non-major funds and the 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 June 13, 2025, 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
June 13, 2025



Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2024

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, 2024. 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 is subject to political and financial volatility.

- Sales tax receipts were exceptionally strong.
- Mortgage taxes were lackluster overall; however, these revenues were bolstered by two mortgages totaling \$127,400,000.
- Higher interest rates obtained through investments in high-yield money market accounts, an investment cooperative and Treasury Bills (T-Bills) led to historically high returns on the Town's investments.
- Approximately \$525 thousand of metered water revenue was recaptured from a malfunctioning meter at an industrial plant.
- Throughout the year, many departments in each of the four major funds encountered difficulties in hiring and/or retaining employees, which led to savings on the expenditures side of the P&L.

	December 31, 2024			
	General	Highway	Water	Sewer
Final budgeted operating revenue	\$ 25,776,852	\$ 8,394,111	\$ 10,523,289	\$ 5,073,315
Final budgeted operating expenses	(27,684,757)	(8,440,822)	(11,267,381)	(5,732,472)
Budgeted surplus (shortfall)	<u>\$ (1,907,905)</u>	<u>\$ (46,711)</u>	<u>\$ (744,092)</u>	<u>\$ (659,157)</u>
Actual revenue	\$ 29,220,704	\$ 8,605,745	\$ 11,414,703	\$ 5,335,681
Operating expenses	(25,425,373)	(7,322,768)	(8,897,604)	(4,418,323)
Operating surplus	3,795,331	1,282,977	2,517,099	917,358
Transfers in	924,504	-	18,097	18,097
Capital fund transfer	(1,884,148)	(180,229)	(283,165)	(290,416)
Net surplus	2,835,687	1,102,748	2,252,031	645,039
Total fund balances, December 31, 2023	<u>15,448,813</u>	<u>3,747,491</u>	<u>7,103,906</u>	<u>2,761,231</u>
Total fund balances, December 31, 2024	<u>\$ 18,284,500</u>	<u>\$ 4,850,239</u>	<u>\$ 9,355,937</u>	<u>\$ 3,406,270</u>
Nonspendable fund balance	\$ 902,392	\$ 204,033	\$ 100,619	\$ 55,779
Assigned for retirement	672,197	307,780	126,088	-
Assigned for capital	6,098,264	1,260,655	3,768,352	723,695
Assigned appropriated for contingency	-	2,798,717	4,909,839	1,937,374
Assigned appropriated fund balance	844,992	279,054	451,039	689,422
Unassigned for contingency	9,766,655	-	-	-
Total fund balances	<u>\$ 18,284,500</u>	<u>\$ 4,850,239</u>	<u>\$ 9,355,937</u>	<u>\$ 3,406,270</u>

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2024

General items of note for all funds:

Fringe benefits: The Town employed an average of 212 full-time employees in 2024 (up from 210 in 2023), as well as a total of 233 part-time and seasonal personnel employed throughout the year (up from 217 in 2023). The following schedule provides comparative analysis on aggregated fringe benefit costs for current employees:

Fringe Benefits	2024 Actual	2023 Actual	\$ Variance	% Variance
Social security taxes	\$ 1,379,872	\$ 1,325,599	\$ 54,273	4.09%
Health and dental insurance	2,917,774	2,665,122	252,652	9.48%
Retirement systems	3,282,390	2,794,046	488,344	17.48%
Workers' compensation insurance	871,689	859,533	12,156	1.41%
Life and short-term disability insurance	21,129	21,198	(69)	-0.33%
Unemployment insurance	509	7,783	(7,274)	-93.46%
Total	<u>\$ 8,473,364</u>	<u>\$ 7,673,281</u>	<u>\$ 800,083</u>	<u>10.43%</u>

Overall, the cost of fringe benefits for current employees increased from 2023 by \$800 thousand, or 10.43%. The largest change relates to the state retirement system, which increased in cost to the Town by \$488 thousand. This increase was contrary to the \$17.9 billion increase in value of the state's retirement fund's investments at March 31, 2024, the most recent completed state fiscal year, from March 31, 2023. The change was likely driven by adjustments to Tier 6 employee benefits at the state level, which lowered the number of years required to vest in the plan and reduced the number of years included in the calculation of the final average salary. The Town-specific New York State and Local Employees' Retirement System (ERS) and New York State and Local Police and Fire Retirement System (PFRS) rates increased by an average of 19% and 15%, respectively. Additionally, the Town's health insurance costs increased by \$253 thousand for 162 participants (as of year-end), or 9.48%, which is consistent with a 10.39% increase in individual and family rates and a 15.9% increase in single plus one. The overall percentage change was slightly lower than the individual plan changes in large part due to the Town's \$3,500 "Health-in-Lieu" program, the cost of which was held flat from 2023. There were 56 employees who participated in 2024.

Post-retirement health benefits: Retired employees who have met certain eligibility requirements are entitled to receive healthcare 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 155 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 \$1.24 million for 2024, up from \$1.16 million in 2023, for a 7.0% increase.

Governmental Accounting Standards Board (GASB) 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 the benefits are earned, which would significantly increase the reported obligations for the Town.

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2024

Interest income: A summary of the budgeted bank-earned interest income compared to actual for 2024 is presented in the table below. Note that the Town only budgets for interest income in the operating funds and not in the reserve funds.

Fund	Original Budget	Actual	Positive (Negative) Variance
General	\$ 384,942	\$ 1,064,378	\$ 679,436
Highway	185,507	375,112	189,605
Water	146,859	399,723	252,864
Sewer	136,225	229,087	92,862
Capital Projects	-	25,271	25,271
Parkland Set Aside	-	14,169	14,169
Total	\$ 853,533	\$ 2,107,740	\$ 1,254,207

The interest earnings for 2024 were \$2.1 million, a 33.6% increase from the 2023 earnings of \$1.6 million. This increase can be attributed in large part to four 0.25% interest rate hikes by the Federal Reserve Board early in 2023, with offsetting cuts of 1.0% that occurred in three parts in late 2024. Therefore, 2023 interest built up throughout the year, while 2024 did not begin declining until mid-September (0.50%), mid-November (0.25%) and mid-December (0.25%). In order to maximize cash earnings, the Town shifted funds to shorter-term T-Bills, a municipal investment cooperative called NYCLASS, Pioneer Bank's high-yield money market account and Metropolitan Commercial Bank's high-yield Ultra Insured Money Market. The Town earned \$671 thousand on investments in T-Bills, with an average earnings rate of 4.93% (\$13.6 million in average investment holdings for the year). This was down from \$1.03 million in 2023 on an average earnings rate of 4.90% (\$21 million in average investment holdings for the year). The shift away from T-Bills during the year reflects concern about locking in expected decreasing rates. By holding more funds in money markets with variable rates, the Town was able to avoid locking into rates with decreases built in based on projections. The Town earned \$1.3 million at Pioneer Bank, Metropolitan Commercial Bank and NYCLASS collectively in 2024, up \$949 thousand from earnings of \$355 thousand in 2023.

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.

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Management's Discussion and Analysis December 31, 2024

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, the Highway Fund, the Water Fund, the 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, the Special Grant Fund, and the Capital Projects Fund. Budgetary comparison statements have been provided for the General Fund, the Highway Fund, the Water Fund, and the Sewer Fund 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 of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Town programs. The Town maintains only one type of fiduciary fund that is known as a custodial fund. The Town holds resources in this fund purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization, or government. The custodial fund financial statements are presented in this report.

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

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2024

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-year and prior-year government-wide statements of net position:

	Governmental Activities			
	2024	2023	\$ Change	% Change
Assets				
Cash	\$ 38,313,406	\$ 35,018,698	\$ 3,294,708	9.41%
Receivables	11,853,600	11,608,232	245,368	2.11%
Other	1,262,823	2,416,688	(1,153,865)	-47.75%
Capital assets, net	167,219,863	159,097,652	8,122,211	5.11%
Total assets	<u>218,649,692</u>	<u>208,141,270</u>	<u>10,508,422</u>	<u>5.05%</u>
Deferred outflows of resources	<u>11,368,951</u>	<u>11,483,427</u>	<u>(114,476)</u>	<u>-1.00%</u>
Liabilities				
Due within one year	15,326,755	17,112,977	(1,786,222)	-10.44%
Due in more than one year	45,236,059	49,802,842	(4,566,783)	-9.17%
Total liabilities	<u>60,562,814</u>	<u>66,915,819</u>	<u>(6,353,005)</u>	<u>-9.49%</u>
Deferred inflows of resources	<u>6,819,964</u>	<u>2,632,813</u>	<u>4,187,151</u>	<u>159.04%</u>
Net position	<u>\$ 162,635,865</u>	<u>\$ 150,076,065</u>	<u>\$ 12,559,800</u>	<u>8.37%</u>

The Town's 2024 net position increased by \$12.6 million from 2023. Cash increased by \$3.3 million from 2023 predominantly due to total operating surplus of \$3.3 million. Other assets decreased \$1.2 million from 2023 mainly due to the timing of the payment of insurance premiums. The main contributors to the increase in capital assets from 2023 to 2024 are the following: \$597 thousand in spending on the roof replacement at the New Salem Water Treatment Plant, \$574 thousand in spending on the Dinmore Road wastewater treatment plant aeration blower project, \$771 thousand in spending on the replacement of the Olympic pool, \$254 thousand on the purchase of 68 acres of land from the Nolan/Stangle property, \$133 thousand on the police shooting range, \$112 thousand in spending on the replacement generator installed at Town Hall, \$342 thousand for upgrades to playgrounds, \$264 thousand on a leaf truck, \$164 thousand on a Weststar truck tractor, \$990 thousand on the paving program, \$746 thousand spent on the Dinmore Road wastewater treatment clarifier grout replacement project, \$507 thousand in water main extensions, \$567 thousand in spending on sewer main extensions, and \$376 thousand in spending on sidewalks, which include the Blessing Road multi-use path.

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2024

Furthermore, the \$1.8 million decrease in liabilities due within one year is impacted by a decrease in unearned revenue of \$464 thousand, which is largely the result of the recognition of American Rescue Plan Act (ARPA) spending of \$1.2 million, offset by an increase in various unspent capital projects grant funds of \$582 thousand. There was also the renewal of a \$6.0 million bond anticipation note (BAN) payable from 2023 at a lower amount of \$4.93 million for the purpose of providing funding for the following projects: Elm Avenue water tank, sewer pump station replacements, and the wastewater treatment plant blower. For the \$4.6 million decrease in liabilities due in more than one-year, Net Pension Liability, as reported by New York State, at December 31, 2024 decreased \$3.0 million from the prior year due to the changes reported by New York State resulting from the actuarial valuation of the plan. Additionally, the non-current portion of bonds payable as of December 31, 2024 decreased \$1.4 million from the prior year as this is the amount of principal that will now be due in the subsequent fiscal year. The change in deferred inflows from 2023 is driven by the New York State and Local Retirement System reporting a significant increase of \$4.4 million in deferred inflows of resources for ERS and PFRS in 2024, offset by a decrease in deferred inflows on leases of \$188 thousand.

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

	Governmental Activities			
	2024	2023	\$ Change	% Change
Revenues				
Program revenues				
Charges for services	\$ 15,302,481	\$ 15,140,743	\$ 161,738	1.07%
Operating grants and contributions	2,794,061	2,934,104	(140,043)	-4.77%
Capital grants and contributions	858,410	437,746	420,664	96.10%
General revenues				
Taxes	34,069,409	33,020,603	1,048,806	3.18%
Other	4,801,616	4,051,041	750,575	18.53%
Total revenues	<u>57,825,977</u>	<u>55,584,237</u>	<u>2,241,740</u>	<u>4.03%</u>
Expenses				
General government support	7,477,775	7,246,562	231,213	3.19%
Public safety	11,172,515	10,667,997	504,518	4.73%
Health	1,987,760	1,483,302	504,458	34.01%
Transportation	7,492,135	7,271,993	220,142	3.03%
Economic opportunity and development	1,407,383	1,323,831	83,552	6.31%
Culture and recreation	2,050,353	1,890,129	160,224	8.48%
Home and community services	12,473,259	13,938,718	(1,465,459)	-10.51%
Interest on long-term debt	1,204,997	982,686	222,311	22.62%
Total expenses	<u>45,266,177</u>	<u>44,805,218</u>	<u>460,959</u>	<u>1.03%</u>
Increase in net position	<u>\$ 12,559,800</u>	<u>\$ 10,779,019</u>	<u>\$ 1,780,781</u>	<u>16.52%</u>

In 2024, related to Capital Grants and Contributions, the Town recognized revenue for grant monies received from New York State Department of Environmental Conservation of \$195 thousand for the purchase of the Nolan/Stangle farmland for open space and \$56 thousand received in 2024 for the Law Enforcement Tech Grant from NYS DCJS. Sales tax revenues increased \$503 thousand from 2023. The property tax levy for 2024 increased \$621 thousand from the prior year, which was within the New York State tax cap. Furthermore, the Town also had an increase in total interest income on monies invested of \$531 thousand due to continued high interest rates on depository accounts as well as on T-bill investments.

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2024

Town expenses increased by 1.03% from the prior year. General government support had an increase in salaries and wages of \$169 thousand from 2023. Public safety expense saw a \$586 thousand increase in salaries, wages and fringe from the prior year, offset by a decrease in net pension liability of \$218 thousand. Health saw a \$504 thousand increase from the prior year predominantly due to a change to a more full-time employee compensation model for Albany County Advanced Life Support. Transportation had an increase in salaries and wages of \$129 thousand. The decrease in home and community services expense is driven by a decrease of \$1.65 million in Albany water purchases. This decrease is offset by an increase in loss on the disposal of assets of \$124 thousand. The increase in interest on long-term debt is due to interest paid on BAN principal in 2024 of \$239 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 19) reported a combined fund balance of \$36.5 million. The General Fund, the Highway Fund, the Water Fund, and the Sewer Fund showed excess of revenues over expenditures before other financing sources (uses).

Items of note for the General Fund: Total revenues increased approximately \$998 thousand, or 3.42%, from \$29.15 million in 2023 to \$30.15 million in 2024. The primary changes in this fund included:

- The property tax levy and payments in lieu of tax for the General Fund increased \$370 thousand in 2024, from \$4.07 million to \$4.44 million. This was due to a rebalancing of levies to pay for necessary capital projects.
- Sales taxes increased \$503 thousand to \$16.48 million due to a generous County split of these revenues and heavy spending within the County, in large part due to ramped up inflation.
- Interest income was up \$286 thousand, from \$780 thousand in 2023 to \$1.07 million in 2024, due to four early to mid-year rate increases in 2023, which did not drop until mid-September 2024, trimming back the utilization of longer-term T-Bills, and investing more money in high-yield money market accounts, including an investment cooperative.
- Interfund transfer revenue increased \$924 thousand as funds were transferred from a 2023 borrowing from the capital reserve funds to relieve the payable. The funding source for the Town's pool project was changed from debt to a combination of ARPA funds and capital reserves.
- The implementation of GASB Statement No. 96 in 2023 required the recognition of revenue for the present value of the imputed "lease." This increased the General Fund's revenues by \$1.07 million for that year, with an offsetting balance on the expenditures side for the value of the assets obtained. There were no additions to these leases in 2024.

Total operating expenditures increased by \$479 thousand, or 1.92%, from \$24.95 million in 2023 to \$25.42 million in 2024. This increase was primarily driven by:

- Debt service on BANs increased \$935 thousand primarily due to the change in funding source for the Olympic pool project. The funds borrowed in 2023 were returned in 2024 through debt service.
- Fleet purchases decreased \$579 thousand, from \$749 thousand in 2023 to \$170 thousand in 2024, in part because several vehicles purchased in 2023 were paid for through ARPA and in part because of fluctuating annual needs for capital equipment.

In 2023, the General Fund had \$3.5 million of assigned fund balance in the operating fund to help cover infrastructure and equipment costs identified through the Town's multi-year capital planning process. In 2024, the Town Board assigned an additional \$2.6 million of General Fund balance to help cover future capital needs and as part of the Town's fund balance policy. During the year, the Town did not transfer any of the assigned fund balance to the General Fund Capital Reserve to pay for additional projects committed to by Town Board action. The total assigned fund balance, \$6.1 million, will remain in the operating fund, separately identified, until additional projects are authorized by the Town Board.

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2024

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, 2023, the fund contained \$500 thousand. In 2024, \$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 transferred the entire \$1.0 million balance into the reserve fund. With other activities that occurred during the year, the total available funding for the farms and forest fund at the end of 2024 was \$1.03 million.

In December 2012, the Town created a reserve for retirement stabilization of \$672 thousand in response to significant increases in annual contributions. To date, the Town has not had to utilize these funds; however, \$100 thousand is budgeted to be used in 2025 to help stabilize the ongoing annual payment. The expectation, based on the historical ebb and flow of the contribution, is that the payment, which has been increasing significantly on an annual basis, will subside over the next several years, at which point these funds will no longer be necessary.

In April 2023, the General Fund obtained a BAN in the amount of \$900 thousand to start a \$1.6 million Olympic Pool project. Due to available funds from ARPA and capital reserves, the funds were returned from the General Fund Capital Reserve and repaid through debt service. They were not renewed.

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 pressure on the department.

Total revenues increased by \$406 thousand, or 4.96%, from \$8.20 million in 2023 to \$8.61 million in 2024. This was primarily due to a \$293 thousand increase in property taxes revenues to fund needed equipment infrastructure projects and equipment. Additionally, the Highway Fund received an increase of \$125 thousand in bank/investment interest income, which was driven by higher interest rates early in 2024 when the Highway Fund typically has more cash.

Total expenditures increased by \$117 thousand, or 1.63%, from \$7.21 million in 2023 to \$7.32 million in 2024.

In 2023, the Highway Fund had \$655 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 2024, the Town Board assigned an additional \$786 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 \$180 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 \$1.26 million will remain in the operating fund, separately identified, until additional equipment purchases or projects are authorized by the Town Board.

In December 2012, the Town created a reserve for retirement stabilization of \$308 thousand in response to significant increases in annual contributions. To date, the Town has not had to utilize these funds; however, \$45 thousand is budgeted to be used in 2025 to help stabilize the ongoing annual payment. The expectation, based on the historical ebb and flow of the contribution, is that the payment, which has been increasing significantly on an annual basis, will subside over the next several years, at which point these funds will no longer be necessary.

There were no new debt issuances relating to the Highway Fund in 2024.

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2024

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 Fund and the Highway Fund, even when considering the longer-term and sizeable nature of the infrastructure construction and maintenance costs for this fund.

The Water Fund's operating revenues increased by \$472 thousand, or 4.31%, from \$10.96 million in 2023 to \$11.43 million in 2024. This was primarily due to an increase in metered water sales of \$1.2 million that came primarily from the industrial user base. This increase was partially offset by a decrease in the property tax levy of \$929 thousand, which resulted from the expiration of the \$2.2 million Albany Water Contract and provided a funding source for other infrastructure needs and improvements throughout the Town. Additionally, interest income from investments also increased \$80 thousand over the prior year due to increases in rates and shifting of balances within T-Bills and high-yield money market accounts as interest rates began to fall in order to maximize investment income.

The Water Fund's operating expenditures decreased by \$1.25 million, or 12.32%, from \$10.15 million in 2023 to \$8.90 million in 2024. This was primarily due to the expiration of the Albany Water Contract, which reduced the cost of Town water purchases by \$1.65 million. This was partially offset by new debt service costs of \$176 thousand relating to a \$2.4 million BAN obtained in 2023.

In 2023, the Water Fund had \$3.17 million of assigned fund balance in the operating fund to help cover infrastructure and equipment costs identified through the Town's multi-year capital planning process. In 2024, the Town Board assigned an additional \$880 thousand of Water Fund operating fund balance to help cover future capital needs as part of the Town's fund balance policy. Further, the Town transferred \$283 thousand of previously assigned fund balance to the Water Fund Capital Reserve to pay for projects committed to by Town Board action. The total assigned fund balance of \$3.77 million will remain in the operating fund, separately identified, until additional equipment purchases or projects are authorized by the Town Board.

In December 2012, the Town created a reserve for retirement stabilization of \$126 thousand in response to significant increases in annual contributions. To date, the Town has not had to utilize these funds; however, \$20 thousand is budgeted to be used in 2025 to help stabilize the ongoing annual payment. The expectation, based on the historical ebb and flow of the contribution, is that the payment, which has been increasing significantly on an annual basis, will subside over the next several years, at which point these funds will no longer be necessary.

In April 2023, the Water Fund obtained a \$2.4 million BAN as part of a total approved funding of \$2.5 million for a water tank rehabilitation project. This resulted in debt service costs of \$176,000 for the year, consisting of \$80 thousand in principal repayment and \$96 thousand in interest. Because a BAN is a short-term note, a new BAN was issued upon its 2023 maturity to refinance the remaining balance. Excluding the principal repayment, the renewal creates a current outstanding balance of \$2.32 million. Project costs and debt service liabilities are managed through the Water Fund Capital Reserve.

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 Fund and the Highway Fund, to bring to a self-sustaining financial position, even when 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 \$461 thousand, or 9.47%, increasing from \$4.92 million in 2023 to \$5.32 million in 2024. This was primarily related to an increase of \$375 thousand in property taxes to fund needed equipment and infrastructure projects. Additionally, the Sewer Fund received an increase of \$26 thousand in bank/investment interest income, which was driven by higher interest rates that were growing throughout 2023 but began decreasing in mid-September 2024. Sewer charges increased \$44 thousand from 2023 due to an overall increase in water consumption, on which sewer charges are based.

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2024

The Sewer Fund's operating expenditures increased by \$272 thousand, or 6.55%, from \$4.15 million in 2023 to \$4.42 million in 2024. This was primarily related to new debt service costs of \$197 thousand relating to a \$2.7 million BAN obtained in 2023.

In 2023, the Sewer Fund had \$893 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 2024, the Town Board assigned an additional \$121 thousand of Sewer Fund operating fund balance to help cover future capital needs as part of the Town's fund balance policy. Further, the Town transferred \$290 thousand of previously assigned fund balance to the Sewer Fund Capital Reserve to pay for projects committed to by Town Board action. The total assigned fund balance of \$724 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 \$2.7 million BAN as part of a total approved funding of \$3.9 million for two wastewater treatment plant projects. This resulted in debt service costs of \$197,000 for the year, consisting of \$90 thousand in principal repayment and \$107 thousand in interest. Because a BAN is a short-term note, a new BAN was issued upon its 2023 maturity to refinance the remaining balance. Excluding the principal repayment, the renewal creates a current outstanding balance of \$2.61 million. Project costs and debt service liabilities are managed through the Sewer Fund Capital Reserve.

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 2024, along with a calculation showing where the fund balances are as compared to this policy.

The projected 2024 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 2025.

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

	General	Highway	Water	Sewer
Fund balance, December 31, 2024	\$ 18,284,500	\$ 4,850,239	\$ 9,355,937	\$ 3,406,270
Less:				
Prior-year encumbrances	844,992	279,054	451,039	689,422
Budgeted use of fund balance (2025)	100,000	45,000	20,000	-
Retirement contribution reserve	572,197	262,780	106,088	-
Capital reserve appropriation	6,098,264	1,260,655	3,768,352	723,695
Nonspendable fund balance	902,392	204,033	100,619	55,779
Infrastructure reserve (2024)	4,075,251	1,067,501	2,843,450	873,482
Farms and forest fund reserve	500,000	-	-	-
Projected unassigned balance, December 31, 2025	<u>\$ 5,191,404</u>	<u>\$ 1,731,216</u>	<u>\$ 2,066,389</u>	<u>\$ 1,063,892</u>
2025 budgeted appropriations	<u>\$ 25,957,022</u>	<u>\$ 8,656,081</u>	<u>\$ 10,331,945</u>	<u>\$ 5,319,458</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	\$ 1,946,777	\$ 649,206	\$ 774,896	\$ 398,959
Optimal - 15% of budgeted appropriations	3,893,553	1,298,412	1,549,792	797,919
Ceiling - 20% of budgeted appropriations	5,191,404	1,731,216	2,066,389	1,063,892

Town of Bethlehem, New York

Management's Discussion and Analysis
December 31, 2024

Capital Asset and Debt Administration

Capital assets: As of 2024, the Town has a net \$167.2 million invested in a broad range of capital assets, including land, buildings, improvements, machinery and equipment, subscription-based IT arrangements (SBITA), and infrastructure, which primarily includes roads, water lines and sewer lines. This amount represents a net \$8.1 million increase compared to the prior year.

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

	December 31,	
	2024	2023
Serial bonds	\$ 33,605,000	\$ 35,020,000
Net pension liability	11,781,191	14,766,798
Compensated absences	1,716,063	1,630,987
SBITAs	727,272	911,032
Landfill closure and post-closure	100,000	100,000
Judgments and claims	10,000	20,000
	<u> </u>	<u> </u>
Total long-term debt	\$ 47,939,526	\$ 52,448,817

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

Economic Factors Affecting the Town

According to the New York State Department of Labor, the 2024 unemployment rate for the County was 3.0%, compared to 3.7% in 2023. This rate is lower than the 2024 United States unemployment rate of 4.1%, 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 2024 property taxes was 2.00% for the Town, with an additional tax base growth factor of 1.06%. The published allowable levy growth factor for the 2025 period remained at 2.0%, with an additional tax base growth factor of 0.56%. The Town's adherence to these modest tax increases remains a challenge, given New York State mandates, negotiated wage increases and healthcare cost increases.

The Town 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.

Town of Bethlehem, New York

Management's Discussion and Analysis
December 31, 2024

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 notes to the financial statements. 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

Government-Wide Financial Statements Statement of Net Position

	December 31, 2024	
	Primary Government Governmental Activities	Component Unit
ASSETS		
Cash and cash equivalents	\$ 38,313,406	\$ 1,789,589
Receivables		
Accounts	4,032,245	19,312
State and federal governments	771,333	-
Due from other governments	5,020,106	-
Leases	2,029,916	-
Inventory	207,742	-
Prepaid expenses	1,055,081	-
Capital assets, net	167,219,863	-
	<u>218,649,692</u>	<u>1,808,901</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>11,368,951</u>	<u>-</u>
LIABILITIES		
Accounts payable	1,872,637	-
Accrued liabilities	1,165,109	9,478
Due to other governments	925,229	-
Unearned revenue	3,730,313	-
Bond anticipation note payable	4,930,000	-
Long-term liabilities		
Due within one year	2,703,467	-
Due in more than one year	45,236,059	-
	<u>60,562,814</u>	<u>9,478</u>
DEFERRED INFLOWS OF RESOURCES		
Leases	1,851,715	-
Pension	4,968,249	-
	<u>6,819,964</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	129,128,476	-
Restricted	4,965,538	-
Unrestricted	28,541,851	1,799,423
	<u>\$ 162,635,865</u>	<u>\$ 1,799,423</u>

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

Fund Financial Statements Balance Sheet - Governmental Funds

December 31, 2024

	Major Funds						Total
	General	Highway	Water	Sewer	Capital Projects	Other Governmental	
ASSETS							
Cash and cash equivalents	\$ 16,302,881	\$ 5,210,569	\$ 7,087,190	\$ 3,272,219	\$ 6,241,534	\$ 199,013	\$ 38,313,406
Accounts receivable	570,968	10,100	2,427,539	1,023,621	-	17	4,032,245
State and federal receivables	107,794	-	-	-	663,539	-	771,333
Due from other governments	4,652,285	-	221,704	146,117	-	-	5,020,106
Leases receivable	-	-	2,029,916	-	-	-	2,029,916
Inventory	101,843	100,209	5,690	-	-	-	207,742
Prepaid expenses	800,549	103,824	94,929	55,779	-	-	1,055,081
	\$ 22,536,320	\$ 5,424,702	\$ 11,866,968	\$ 4,497,736	\$ 6,905,073	\$ 199,030	\$ 51,429,829
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 391,046	\$ 361,277	\$ 233,026	\$ 125,917	\$ 761,371	\$ -	\$ 1,872,637
Accrued liabilities	729,983	213,186	147,012	74,928	-	-	1,165,109
Due to other governments	925,229	-	-	-	-	-	925,229
Unearned revenue	2,205,562	-	-	691,171	774,642	58,938	3,730,313
Bond anticipation note payable	-	-	-	-	4,930,000	-	4,930,000
Total liabilities	4,251,820	574,463	380,038	892,016	6,466,013	58,938	12,623,288
DEFERRED INFLOWS OF RESOURCES							
Unavailable departmental income	-	-	279,278	199,450	-	-	478,728
Leases	-	-	1,851,715	-	-	-	1,851,715
Total deferred inflows of resources	-	-	2,130,993	199,450	-	-	2,330,443
FUND BALANCES							
Nonspendable	902,392	204,033	100,619	55,779	-	-	1,262,823
Restricted	-	-	-	-	4,925,446	140,092	5,065,538
Assigned	7,615,453	4,646,206	9,255,318	3,350,491	-	-	24,867,468
Unassigned	9,766,655	-	-	-	(4,486,386)	-	5,280,269
Total fund balances	18,284,500	4,850,239	9,355,937	3,406,270	439,060	140,092	36,476,098
	\$ 22,536,320	\$ 5,424,702	\$ 11,866,968	\$ 4,497,736	\$ 6,905,073	\$ 199,030	\$ 51,429,829

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

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

		December 31, 2024
Total fund balance - governmental funds	\$	36,476,098
<p>Amounts reported for government activities in the statement of net position are different because:</p>		
<p>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.</p>		167,219,863
<p>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.</p>		478,728
<p>Pension contributions subsequent to the measurement date are reported as deferred outflows of resources in the statement of net position:</p> <p style="padding-left: 20px;">Total pension contribution subsequent to the measurement date</p>		2,539,918
<p>Deferred inflows and outflows of resources related to pensions are not reported in the funds:</p> <p style="padding-left: 20px;">Deferred outflows of pension resources</p> <p style="padding-left: 20px;">Deferred inflows of pension resources</p>	<p>8,829,033</p> <p>(4,968,249)</p> <hr style="width: 50%; margin-left: auto; margin-right: 0;"/>	<p>3,860,784</p>
<p>Some liabilities (listed below) are not due and payable in the current period and, therefore, are not reported in the funds:</p> <p style="padding-left: 20px;">Bonds payable</p> <p style="padding-left: 20px;">Subscription-based IT arrangements</p> <p style="padding-left: 20px;">Net pension liability</p> <p style="padding-left: 20px;">Claims payable</p> <p style="padding-left: 20px;">Landfill post-closure costs</p> <p style="padding-left: 20px;">Compensated absences</p>	<p>(33,605,000)</p> <p>(727,272)</p> <p>(11,781,191)</p> <p>(10,000)</p> <p>(100,000)</p> <p>(1,716,063)</p> <hr style="width: 50%; margin-left: auto; margin-right: 0;"/>	<p>(47,939,526)</p>
Total net position - governmental activities	\$	162,635,865

Town of Bethlehem, New York

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

	Year Ended December 31, 2024							
	Major Funds						Other Governmental	Total
	General	Highway	Water	Sewer	Capital Projects	Other Governmental		
REVENUES								
Real property taxes	\$ 4,296,372	\$ 7,168,243	\$ 1,483,229	\$ 1,672,049	\$ -	\$ 1,987,239	\$ 16,607,132	
Real property tax items	141,565	235,167	-	-	-	520	377,252	
Non-property tax items	17,085,026	-	-	-	-	-	17,085,026	
Departmental income	2,378,358	-	9,226,831	3,405,865	-	134,700	15,145,754	
Intergovernmental charges	45,497	4,954	-	-	201,241	-	251,692	
Use of money and property	1,160,167	375,110	671,795	229,089	25,271	14,196	2,475,628	
Licenses and permits	31,388	-	-	-	-	-	31,388	
Fines and forfeitures	160,449	-	-	-	-	-	160,449	
Sales of property and compensation for loss	195,193	49,644	20,422	24,540	-	-	289,799	
Miscellaneous local sources	67,213	28,665	12,426	4,138	24,506	-	136,948	
Interfund revenues	617,513	9,781	-	-	-	-	627,294	
State aid	1,764,117	734,181	-	-	529,962	-	3,028,260	
Federal aid	1,277,846	-	-	-	328,449	629,334	2,235,629	
Total revenues	<u>29,220,704</u>	<u>8,605,745</u>	<u>11,414,703</u>	<u>5,335,681</u>	<u>1,109,429</u>	<u>2,765,989</u>	<u>58,452,251</u>	
EXPENDITURES								
General government support	4,965,952	-	-	-	374,336	-	5,340,288	
Public safety	7,637,849	-	-	-	269,083	-	7,906,932	
Health	-	-	-	-	-	1,987,759	1,987,759	
Transportation	1,042,256	5,344,378	-	-	836,006	-	7,222,640	
Economic opportunity and development	560,613	-	-	-	-	620,692	1,181,305	
Culture and recreation	1,667,367	-	-	-	1,222,228	389,652	3,279,247	
Home and community services	1,704,158	-	6,473,539	3,054,299	3,368,918	-	14,600,914	
Employee benefits	6,229,991	1,711,745	1,166,646	604,488	-	-	9,712,870	
Debt service								
Principal	1,366,222	184,395	647,274	470,869	-	-	2,668,760	
Interest	250,965	82,250	610,145	288,667	-	-	1,232,027	
Total expenditures	<u>25,425,373</u>	<u>7,322,768</u>	<u>8,897,604</u>	<u>4,418,323</u>	<u>6,070,571</u>	<u>2,998,103</u>	<u>55,132,742</u>	
Excess (deficiency) of revenues over expenditures	<u>3,795,331</u>	<u>1,282,977</u>	<u>2,517,099</u>	<u>917,358</u>	<u>(4,961,142)</u>	<u>(232,114)</u>	<u>3,319,509</u>	
OTHER FINANCING SOURCES (USES)								
Transfers in	924,504	-	18,097	18,097	2,601,764	-	3,562,462	
Transfers out	(1,884,148)	(180,229)	(283,165)	(290,416)	(924,504)	-	(3,562,462)	
Bond anticipation note premium	-	-	-	-	27,030	-	27,030	
Bond anticipation notes redeemed from appropriations	-	-	-	-	1,070,000	-	1,070,000	
Total other financing sources (uses)	<u>(959,644)</u>	<u>(180,229)</u>	<u>(265,068)</u>	<u>(272,319)</u>	<u>2,774,290</u>	<u>-</u>	<u>1,097,030</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>2,835,687</u>	<u>1,102,748</u>	<u>2,252,031</u>	<u>645,039</u>	<u>(2,186,852)</u>	<u>(232,114)</u>	<u>4,416,539</u>	
FUND BALANCES, beginning 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>	
FUND BALANCES, end of year	<u>\$ 18,284,500</u>	<u>\$ 4,850,239</u>	<u>\$ 9,355,937</u>	<u>\$ 3,406,270</u>	<u>\$ 439,060</u>	<u>\$ 140,092</u>	<u>\$ 36,476,098</u>	

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

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

		Year Ended December 31, 2024
		<u> </u>
Net change in fund balances - total governmental funds	\$	4,416,539
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<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 is allocated over the lease term and reported as amortization expense. In the current period, these amounts are:</p>		
Purchase of assets	9,024,982	
Disposal of capital assets	(711,407)	
Amortization expense	(191,364)	
	<u> </u>	8,122,211
<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	1,415,000	
Repayment of subscription-based IT arrangements	183,760	
	<u> </u>	1,598,760
Increased revenues in the statement of activities that do not increase current financial resources are not reported in the funds.		1,023
<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	(383,688)	
Public safety	(515,921)	
Transportation	(272,928)	
Economic opportunity and development	(31,823)	
Culture and recreation	(51,879)	
Home and community services	(322,494)	
	<u> </u>	(1,578,733)
Change in net position of governmental activities	\$	<u> 12,559,800 </u>

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

Fund Financial Statements
Statement of Fiduciary Net Position

	December 31, 2024
	Custodial Fund
ASSETS	
Cash	\$ 1,000
NET POSITION	
Restricted for:	
Bail	\$ 1,000

Town of Bethlehem, New York

Fund Financial Statements
Statement of Changes in Fiduciary Net Position

	Year Ended December 31, 2024
	Custodial Fund
ADDITIONS	
Tax collected	\$ 23,078,016
Bail collected	3,500
Total additions	<u>23,081,516</u>
DEDUCTIONS	
Taxes remitted	23,078,016
Bail returned to bailees	7,500
Total deductions	<u>23,085,516</u>
Net decrease in fiduciary net position	(4,000)
NET POSITION, <i>beginning of year</i>	<u>5,000</u>
NET POSITION, <i>end of year</i>	<u>\$ 1,000</u>

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

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, 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 (Agency) is a public benefit corporation created in 1980 by the Town Board 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.

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

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

c. Basis of Presentation (Continued)

The following departures from U.S. GAAP impact the Town's governmental activities 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 (OPEB) costs and obligations have not been estimated and reported.

U.S. GAAP requires the capitalization and depreciation of capital assets and the estimation of OPEB 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 are 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 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, 2024

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 that 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 statements 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: The 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: The 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 Fund: The Water Fund is a special revenue fund used to account for the revenues and expenditures associated with providing water treatment and transportation.
- Sewer Fund: The Sewer Fund is a special revenue fund used to account for the revenues and expenditures associated with providing sewage treatment services in the Town's 12 operating districts.
- Capital Projects Fund: The 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 Fund: The Ambulance 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 services and advanced life support.

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

e. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

- Special Grant Fund: The Special Grant Fund is a special revenue fund used to account for two federal programs. The first program consists of 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 program consists of resources received and distributed to encourage development activities within the Town that create or retain jobs for low- and moderate-income people.
- Miscellaneous Fund: The Miscellaneous 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: 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, and deferred outflows and inflows of resources, and the 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, Accounts and Other Receivables*

The Town's Receiver of Taxes is responsible for the 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 the 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 using historical experience applied to an aging of accounts. No allowance was deemed necessary at December 31, 2024.

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 the 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, 2024

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 as 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 (SBITA). 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 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, the 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, 2024

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

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 eligible for retirement and have 20 years of full-time employment with the Town. A reduced benefit is provided to employees who are eligible for retirement 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 155 retirees covering themselves and eligible family members as appropriate, at a cost of \$1,239,507, for the year ended December 31, 2024.

o. Landfill Post-Closure Costs

The Town's landfill was permanently closed as mandated by the 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 the 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.

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.

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

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: 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: Consists of 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 net position described above.

Fund balances for governmental funds are reported in classifications that compose 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) 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.

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

s. Subsequent Events

The Town has evaluated subsequent events for potential recognition or disclosure through June 13, 2025, the date the financial statements were available to be issued.

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

Note 2. Cash and Cash Equivalents

The Town's investment policies are governed by New York 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 Town 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, 2024.

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

State and federal receivables consist of the following:

	General	Capital Projects	Total
State and federal receivables			
Due from New York State	\$ 86,004	\$ 473,962	\$ 559,966
Due from federal government	21,790	189,577	211,367
	\$ 107,794	\$ 663,539	\$ 771,333

Due from other governments is composed of the following:

	General	Water	Sewer	Total
Due from other governments				
Albany County				
Sales tax	\$ 4,189,704	\$ -	\$ -	\$ 4,189,704
Mortgage tax	437,380	-	-	437,380
Water/sewer relievis	-	208,449	146,117	354,566
Other	25,201	13,255	-	38,456
	\$ 4,652,285	\$ 221,704	\$ 146,117	\$ 5,020,106

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

Note 3. State and Federal Receivables and Due From/To Other Governments (Continued)

Amounts due to other governments consist of the following balances:

	General
Albany County - EMS Services	\$ 797,923
Albany County - Board of Elections	114,228
New York State - Justice Court Receipts	13,028
Fire districts	50
	\$ 925,229

Note 4. Capital Assets

A summary of changes in capital assets is as follows:

	Balance at January 1, 2024	Additions	Disposals	Balance at December 31, 2024
Land	\$ 5,415,270	\$ 254,170	\$ -	\$ 5,669,440
Buildings	46,248,999	1,776,768	-	48,025,767
Improvements	21,109,203	975,613	-	22,084,816
Machinery and equipment	34,253,411	2,812,070	(711,407)	36,354,074
Infrastructure	51,164,084	3,206,361	-	54,370,445
Amortizable assets				
SBITA assets	1,066,791	-	-	1,066,791
Less accumulated amortization	(160,106)	(191,364)	-	(351,470)
Total amortizable assets, net	906,685	(191,364)	-	715,321
Total capital assets, net	\$ 159,097,652	\$ 8,833,618	\$ (711,407)	\$ 167,219,863

See Note 6 for more information on SBITAs.

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, 2024, the value of the lease receivable and deferred inflow of resources was \$2,029,916 and \$1,851,715, 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%.

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

Note 5. Leases (Continued)

The Town recognized lease revenue and related interest revenue of \$202,278 and \$69,793, respectively, for the year ended December 31, 2024. These are included in use of money and property on the statement of revenues, expenditures and changes in fund balances and in other revenues on the statement of activities.

Future annual lease payments under these leases are as follows:

Year ending December 31,	Principal	Interest	Total
2025	\$ 166,964	\$ 64,878	\$ 231,842
2026	171,055	59,173	230,228
2027	145,461	53,979	199,440
2028	155,124	49,004	204,128
2029	170,811	43,617	214,428
2030-2034	749,613	133,230	882,843
2035-2039	428,725	38,004	466,729
2040-2044	42,163	1,241	43,404
	<u>\$ 2,029,916</u>	<u>\$ 443,126</u>	<u>\$ 2,473,042</u>

Note 6. Long-Term Liabilities

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

	Year Ended December 31, 2024						
	Landfill Post-Closure Costs	Bonds Payable	SBITA Liabilities	Judgments and Claims	Net Pension Liability	Compensated Absences	Total
Balance, beginning of year	\$ 100,000	\$ 35,020,000	\$ 911,032	\$ 20,000	\$ 14,766,798	\$ 1,630,987	\$ 52,448,817
Additions/issues	-	-	-	-	4,791,090	-	4,791,090
Redeemed	-	(1,415,000)	(183,760)	-	(7,776,697)	-	(9,375,457)
Other increase (decrease)	-	-	-	(10,000)	-	85,076	75,076
Balance, end of year	<u>\$ 100,000</u>	<u>\$ 33,605,000</u>	<u>\$ 727,272</u>	<u>\$ 10,000</u>	<u>\$ 11,781,191</u>	<u>\$ 1,716,063</u>	<u>\$ 47,939,526</u>
	Year Ended December 31, 2024						
	Landfill Post-Closure Costs	Bonds Payable	SBITA Liabilities	Judgments and Claims	Net Pension Liability	Compensated Absences	Total
Current portion	\$ -	\$ 1,440,000	188,237	\$ -	\$ -	\$ 1,075,230	\$ 2,703,467
Non-current portion	100,000	32,165,000	539,035	10,000	11,781,191	640,833	45,236,059
	<u>\$ 100,000</u>	<u>\$ 33,605,000</u>	<u>\$ 727,272</u>	<u>\$ 10,000</u>	<u>\$ 11,781,191</u>	<u>\$ 1,716,063</u>	<u>\$ 47,939,526</u>

See Note 11 for a discussion of the net pension liability and pension-related deferred inflows and outflows.

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2024

Note 6. Long-Term Liabilities (Continued)

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:

Fund	Original Issuance	Original Amount	Interest Rate	Final Maturity	December 31, 2024 Outstanding
General, Highway, Water, and Sewer	2015	\$ 5,912,058	2.000%	2034	\$ 3,515,000
General, Water, and Sewer	2016	6,455,000	4.000%	2037	4,780,000
Sewer	2016	2,600,000	0.550%	2046	2,000,000
General, Highway, Water, and Sewer	2017	9,992,241	2.250%	2042	7,830,000
General, Highway, and Water	2019	17,227,100	2.950%	2049	15,480,000
					<u>\$ 33,605,000</u>

Aggregate minimum maturities of debt service are as follows:

Year ending December 31,	Principal	Interest	Total
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	1,615,000	789,386	2,404,386
2030-2034	8,780,000	3,232,278	12,012,278
2035-2039	7,165,000	2,021,280	9,186,280
2040-2044	5,670,000	1,037,255	6,707,255
2045-2049	4,360,000	321,869	4,681,869
	<u>\$ 33,605,000</u>	<u>\$ 10,935,678</u>	<u>\$ 44,540,678</u>

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, 2024, the value of the SBITA asset, net of accumulated amortization, and SBITA liability were \$715,321 and \$727,272, 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 Statement No. 96 was adopted, whichever occurred later. The rate used for each lease is noted below.

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

Note 6. Long-Term Liabilities (Continued)

b. Subscription-Based IT Arrangements (Continued)

The Town recognized debt service payments of principal and interest in the amount of \$183,760 and \$19,733, respectively, for the year ended December 31, 2024. 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:

Fund	Original Issuance	Original Amount	Interest Rate	Final Maturity	December 31, 2024 Outstanding
General	2023	\$ 659,821	2.11%	2028	\$ 448,298
General	2023	243,804	2.82%	2028	152,149
General	2023	163,166	2.82%	2028	126,825
					<u>\$ 727,272</u>

Aggregate maturities of SBITAs are as follows:

Year ending December 31,	Principal	Interest	Total
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
	<u>\$ 727,272</u>	<u>\$ 33,595</u>	<u>\$ 760,867</u>

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 \$10,000. Provisions for losses of those cases is recorded in the statement of net position.

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.

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

Note 7. Unearned Revenue

Unearned revenue consists of the following:

	General	Sewer	Capital Projects	Special Grant	Total
Customer deposits	\$ 350,421	\$ 15,000	\$ -	\$ -	\$ 365,421
Restricted gifts	394,904	-	-	-	394,904
American Rescue Plan Act	393,081	-	-	-	393,081
Other grants	66,247	-	774,642	-	840,889
Building department deposits	749,614	-	-	-	749,614
Sewer improvement	-	676,171	-	-	676,171
Other	251,295	-	-	58,938	310,233
	<u>\$ 2,205,562</u>	<u>\$ 691,171</u>	<u>\$ 774,642</u>	<u>\$ 58,938</u>	<u>\$ 3,730,313</u>

Note 8. Bond Anticipation Note (BAN) Payable

In May 2024, the Town issued a BAN for \$4,930,000 for water and sewer improvements, at an interest rate of 4.5%, with an effective net interest rate of 3.952% due to a premium of \$27,030. The BAN matured in May 2025 and was renewed by the Town for \$5,960,000, at an interest rate of 5%, with an effective net interest rate of 3.619% due to a premium of \$82,308.

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	Total
Water	\$ 279,278	\$ 279,278
Sewer	199,450	199,450
	<u>\$ 478,728</u>	<u>\$ 478,728</u>

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

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, 2024, interfund revenues and expenses arising from these transactions were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 924,504	\$ 1,884,148
Highway	-	180,229
Water	18,097	283,165
Sewer	18,097	290,416
Capital Projects	2,601,764	924,504
	<u>\$ 3,562,462</u>	<u>\$ 3,562,462</u>

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 System, 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 and contribute 3% of their salary for the first 10 years of membership, employees who joined between January 1, 2010 and April 1, 2012 and contribute 3% of their salary for the entire length of service, and employees who joined after April 1, 2012 and contribute between 3% and 6% of their earned wages for the entire length of their career.

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

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

Note 11. Retirement System (Continued)

b. Contributions (Continued)

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

Year ended December 31,	ERS	PFRS	Total
2024	\$ 1,966,867	\$ 1,422,523	\$ 3,389,390
2023	1,653,064	1,311,781	2,964,845
2022	1,335,761	1,139,441	2,475,202

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

At December 31, 2024, the Town reported a liability of \$11,781,191 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, 2024, and the total pension liability was determined by an actuarial valuation as of April 1, 2023. 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, 2024 measurement date, the Town's proportionate share of ERS and PFRS was 0.0439998% and 0.1118035%, respectively.

For the year ended December 31, 2024, the Town recognized pension expense of \$3,282,390 in the government wide financial statements. At December 31, 2024, 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	\$ 2,086,735	\$ (176,653)	\$ 1,633,673	\$ -
Changes in assumptions	2,449,394	-	2,000,161	-
Net differences between projected and actual investment earnings on pension plan investments	-	(3,164,737)	-	(1,439,411)
Changes in proportion and differences between employer contributions and proportionate share of contributions	228,644	(169,756)	430,426	(17,692)
Contributions subsequent to the measurement date	1,473,903	-	1,066,015	-
Total	\$ 6,238,676	\$ (3,511,146)	\$ 5,130,275	\$ (1,457,103)

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

Note 11. Retirement System (Continued)

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

Town contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2025. 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,		
2025	\$ (1,216,624)	\$ (257,098)
2026	1,262,648	1,698,524
2027	1,885,385	970,581
2028	(677,781)	(76,068)
2029	-	271,219
Total	\$ 1,253,628	\$ 2,607,158

d. Actuarial Assumptions

The actuarial assumptions used in the April 1, 2023 valuation, with updated procedures used to roll forward the total pension liability to March 31, 2024, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are as follows:

	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, 2023 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.

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

Note 11. Retirement System (Continued)

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 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, 2024 are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Domestic equity	32.00%	4.00%
International equity	15.00%	6.65%
Private equity	10.00%	7.25%
Real estate	9.00%	4.60%
Absolute return strategies	3.00%	5.25%
Credit	4.00%	5.40%
Real assets	3.00%	5.79%
Fixed income	23.00%	1.50%
Cash	1.00%	0.25%
	<u>100.00%</u>	

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 contributions from employers will be made at statutorily required rates, actuarially determined. 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.

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

Note 11. Retirement System (Continued)

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%, as well as the impact of using a discount rate that is one percentage point higher or one percentage point 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)	\$ 20,369,220	\$ 6,478,549	\$ (5,123,043)
PFRS			
Town's proportionate share of the net pension liability (asset)	12,393,519	5,302,642	(555,458)

h. Pension Plan Fiduciary Net Position

The components of the net pension liability of the employers participating in the System as of March 31, 2024 were as follows (dollars in thousands):

	ERS	PFRS	Total
Employers' total pension liability	\$ 240,696,851	\$ 46,137,717	\$ 286,834,568
Plan net position	225,972,801	41,394,895	267,367,696
Employers' net pension liability	\$ 14,724,050	\$ 4,742,822	\$ 19,466,872
Ratio of plan net position to the employers' total pension liability	93.88%	89.72%	93.21%

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2024

Note 12. Fund Balances

Fund balances are detailed as follows:

	General	Highway	Water	Sewer	Capital Projects	Non-Major Funds
Nonspendable						
Inventory	\$ 101,843	\$ 100,209	\$ 5,690	\$ -	\$ -	\$ -
Prepaid	800,549	103,824	94,929	55,779	-	-
	<u>902,392</u>	<u>204,033</u>	<u>100,619</u>	<u>55,779</u>	<u>-</u>	<u>-</u>
Restricted						
Capital reserve	-	-	-	-	4,717,208	-
Landfill post-closure	-	-	-	-	208,238	-
Parklands	-	-	-	-	-	128,524
Section 8	-	-	-	-	-	11,568
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,925,446</u>	<u>140,092</u>
Assigned						
Encumbrances	844,992	279,054	451,039	689,422	-	-
Capital reserve	6,098,264	1,260,655	3,768,352	723,695	-	-
Retirement contribution	672,197	307,780	126,088	-	-	-
Highway Fund	-	2,798,717	-	-	-	-
Water Fund	-	-	4,909,839	-	-	-
Sewer Fund	-	-	-	1,937,374	-	-
	<u>7,615,453</u>	<u>4,646,206</u>	<u>9,255,318</u>	<u>3,350,491</u>	<u>-</u>	<u>-</u>
Unassigned	<u>9,766,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,486,385)</u>	<u>-</u>
	<u>\$ 18,284,500</u>	<u>\$ 4,850,239</u>	<u>\$ 9,355,937</u>	<u>\$ 3,406,270</u>	<u>\$ 439,061</u>	<u>\$ 140,092</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	\$ 1,490,954
Recreational facilities	1,205,090
Fire tower additions and improvements	146,782
Highway improvements and equipment	1,072,622
Reconstruction of water facilities	1,179,139
Reconstruction of sewer facilities	66,234
Subtotal	<u>5,160,821</u>

Less unspent BAN proceeds as of December 31, 2024	<u>(443,613)</u>
Total GML Section 6-C reserves	4,717,208

GML Section 6-O reserves	<u>208,238</u>
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Total capital reserves under GML Sections 6-C and 6-O	<u>\$ 4,925,446</u>
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Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

Note 12. Fund Balances (Continued)

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

The Town has a fund balance policy that provides guidance for minimum, maximum, and optimal levels at which the operating fund reserves should be held. These percentages of fund balance to appropriations are set at 7.5%, 20%, and 15%, respectively. As of December 31, 2024, all funds were at the maximum level. 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 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, 2024 is as follows:

Property Owner	Taxable Assessed Value	Tax Rate (a) per 000	Tax Value	PILOT Received	Taxes Abated
44-74 21st Street, LLC	\$ 7,700,000	2.92	\$ 22,490	\$ 20,450	\$ 2,040
Air Products	13,400,000	2.92	39,138	11,741	27,397
Albany Enterprises LLC	2,250,000	2.92	6,572	6,572	-
American Housing Foundation (b)	-	2.92	-	13,641	(13,641)
CPI Bethlehem BERK I LLC	1,100,000	2.92	3,213	2,953	260
CPI Bethlehem SEF I LLC	1,200,000	2.92	3,505	3,218	287
Finke Enterprises, LLC	5,900,000	2.92	17,232	16,431	801
PSEG Power	100,000,000	2.92	292,076	306,698	(14,622)
Campus Associates XI LLC	24,000,000	2.92	70,098	3,678	66,420
Vista Medical LLC	1,350,000	2.92	3,943	3,785	158
	<u>\$ 156,900,000</u>		<u>\$ 458,267</u>	<u>\$ 389,167</u>	<u>\$ 69,100</u>

(a) General Fund and Highway Fund tax rates.

(b) American Housing Foundation is a 501(c)(3) and, therefore, not subject to certain taxes, including those of the General Fund and the Highway Fund.

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

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 in June 2009. The Town is required to monitor the site for 30 years, with 15 years lapsed as of December 31, 2024. The current estimated liability for post-closure care costs of the landfill for the remaining 15 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 2024, the Town entered into an agreement with the City at six-month increments to purchase finished water at the same rate as City residents with no minimum purchase requirement. In January 2025, the Town entered into a new agreement for 10 years with the City to purchase finished water at residential rates for a required minimum of 35 million gallons and at the commercial rates for purchases above this amount. The agreement is cancelable by either party for any reason at any time with six months' notice.

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

Note 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 2024. There was no reduction in insurance coverage during 2024. An estimate of this liability is recorded at December 31, 2024 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 GML Section 207-C 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.

Town of Bethlehem, New York

Notes to Basic Financial Statements
December 31, 2024

Note 15. Contingencies, Risks and Uncertainties (Continued)

c. Union Contracts

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

Bargaining Unit	Contract Expiration Date
AFSCME Council 66 (Dispatchers)	12/31/2025
AFL-CIO Council 82 (Lieutenants & Sergeants)	12/31/2025
Teamsters Local 294 (Officers & Detectives)	12/31/2025

Note 16. Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. If a government determines that criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this statement are effective for fiscal years beginning after June 15, 2024 and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model including a reiteration of the Management's Discussion and Analysis requirements, description and presentation requirements for unusual or infrequent items, definitions of nonoperating revenues and expenses, major component unit presentation requirements, and the requirement that budgetary comparison information be presented as required supplementary information versus a statement. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. It also establishes disclosure requirements for capital assets held for sale, including disclosures relating to debt for which the capital assets held for sale are pledged as collateral. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

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, 2024			
	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Real property taxes	\$ 4,296,371	\$ 4,296,371	\$ 4,296,372	\$ 1
Real property tax items	147,888	147,888	141,565	(6,323)
Non-property tax items	15,987,810	16,406,879	17,085,026	678,147
Departmental income	1,813,617	2,002,441	2,378,358	375,917
Intergovernmental charges	34,760	34,760	45,497	10,737
Use of money and property	467,942	701,220	1,160,167	458,947
Licenses and permits	36,025	36,025	31,388	(4,637)
Fines and forfeitures	190,000	190,000	160,449	(29,551)
Sales of property and compensation for loss	104,600	104,600	195,193	90,593
Miscellaneous local sources	-	-	67,213	67,213
Interfund revenues	578,547	578,547	617,513	38,966
State aid	1,069,638	1,109,010	1,764,117	655,107
Federal aid	50,000	169,111	1,277,846	1,108,735
Total revenues	<u>24,777,198</u>	<u>25,776,852</u>	<u>29,220,704</u>	<u>3,443,852</u>
EXPENDITURES				
General government support	4,821,568	5,478,753	4,965,952	512,801
Public safety	7,662,658	7,836,336	7,637,849	198,487
Transportation	1,194,356	1,357,417	1,042,256	315,161
Economic opportunity and development	568,931	568,815	560,613	8,202
Culture and recreation	1,819,737	2,202,282	1,667,367	534,915
Home and community services	1,717,002	2,095,917	1,704,158	391,759
Employee benefits	6,485,361	6,523,540	6,229,991	293,549
Debt service				
Principal	282,462	1,390,462	1,366,222	24,240
Interest	225,123	231,235	250,965	(19,730)
Total expenditures	<u>24,777,198</u>	<u>27,684,757</u>	<u>25,425,373</u>	<u>2,259,384</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,907,905)</u>	<u>3,795,331</u>	<u>5,703,236</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	900,000	924,504	24,504
Transfers out	-	(1,884,149)	(1,884,148)	1
Total other financing sources (uses)	<u>-</u>	<u>(984,149)</u>	<u>(959,644)</u>	<u>24,505</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (2,892,054)</u>	<u>2,835,687</u>	<u>\$ 5,727,741</u>
FUND BALANCE, beginning of year			<u>15,448,813</u>	
FUND BALANCE, end of year			<u>\$ 18,284,500</u>	

See Independent Auditor's Report.

Town of Bethlehem, New York

Required Supplementary Information Budgetary Comparison Schedule - Highway Fund

	Year Ended December 31, 2024			
	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Real property taxes	\$ 7,168,244	\$ 7,168,244	\$ 7,168,243	\$ (1)
Real property tax items	226,670	226,670	235,167	8,497
Intergovernmental charges	9,000	9,000	4,954	(4,046)
Use of money and property	185,507	230,547	375,110	144,563
Sales of property and compensation for loss	13,000	13,000	49,644	36,644
Miscellaneous local sources	-	-	28,665	28,665
Interfund revenues	15,000	15,000	9,781	(5,219)
State aid	731,650	731,650	734,181	2,531
Total revenues	8,349,071	8,394,111	8,605,745	211,634
EXPENDITURES				
Transportation	6,044,773	6,136,524	5,344,378	792,146
Employee benefits	2,037,653	2,037,653	1,711,745	325,908
Debt service				
Principal	184,395	184,395	184,395	-
Interest	82,250	82,250	82,250	-
Total expenditures	8,349,071	8,440,822	7,322,768	1,118,054
Excess (deficiency) of revenues over expenditures	-	(46,711)	1,282,977	1,329,688
OTHER FINANCING USES				
Transfers out	-	(227,338)	(180,229)	47,109
Excess (deficiency) of revenues over expenditures and other financing uses	\$ -	\$ (274,049)	\$ 1,102,748	\$ 1,376,797
FUND BALANCE, beginning of year			3,747,491	
FUND BALANCE, end of year			\$ 4,850,239	

Town of Bethlehem, New York

Required Supplementary Information Budgetary Comparison Schedule - Water Fund

	Year Ended December 31, 2024			
	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Real property taxes	\$ 1,483,227	\$ 1,483,227	\$ 1,483,229	\$ 2
Departmental income	8,288,600	8,317,803	9,226,831	909,028
Use of money and property	416,859	718,759	671,795	(46,964)
Sales of property and compensation for loss	3,500	3,500	20,422	16,922
Miscellaneous local sources	-	-	12,426	12,426
Total revenues	10,192,186	10,523,289	11,414,703	891,414
EXPENDITURES				
Home and community services	7,679,957	8,738,853	6,473,539	2,265,314
Employee benefits	1,271,103	1,271,103	1,166,646	104,457
Debt service				
Principal	647,274	647,274	647,274	-
Interest	593,852	610,151	610,145	6
Total expenditures	10,192,186	11,267,381	8,897,604	2,369,777
Excess (deficiency) of revenues over expenditures	-	(744,092)	2,517,099	3,261,191
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	18,097	18,097
Transfers out	-	(283,165)	(283,165)	-
Total other financing sources (uses)	-	(283,165)	(265,068)	18,097
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (1,027,257)	2,252,031	\$ 3,279,288
FUND BALANCE, beginning of year			7,103,906	
FUND BALANCE, end of year			\$ 9,355,937	

Town of Bethlehem, New York

Required Supplementary Information Budgetary Comparison Schedule - Sewer Fund

	Year Ended December 31, 2024			
	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Real property taxes	\$ 1,672,049	\$ 1,672,049	\$ 1,672,049	\$ -
Departmental income	3,233,000	3,198,000	3,405,865	207,865
Use of money and property	136,225	199,266	229,089	29,823
Sales of property and compensation for loss	4,000	4,000	24,540	20,540
Miscellaneous local sources	-	-	4,138	4,138
Total revenues	5,045,274	5,073,315	5,335,681	262,366
EXPENDITURES				
Home and community services	3,629,148	4,296,810	3,054,299	1,242,511
Employee benefits	674,919	676,119	604,488	71,631
Debt service				
Principal	470,869	470,869	470,869	-
Interest	270,338	288,674	288,667	7
Total expenditures	5,045,274	5,732,472	4,418,323	1,314,149
Excess (deficiency) of revenues over expenditures	-	(659,157)	917,358	1,576,515
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	18,097	18,097
Transfers out	-	(290,418)	(290,416)	2
Total other financing sources (uses)	-	(290,418)	(272,319)	18,099
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (949,575)	645,039	\$ 1,594,614
FUND BALANCE, beginning of year			2,761,231	
FUND BALANCE, end of year			\$ 3,406,270	

See Independent Auditor's Report.

Town of Bethlehem, New York

Notes to Budgetary Basis Reporting
December 31, 2024

The Town employs the following budgetary procedures:

1. 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 Fund, the Special Grant Fund and the Miscellaneous Fund. The future spending on capital projects is determined at the start of each project.
2. After public hearings are conducted to obtain taxpayer comments, but no later than November 20, the Town Board adopts the budget.
3. 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 the 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

Required Supplementary Information Schedule of Proportionate Share of the Net Pension Liability

	December 31,							
	2024	2023	2022	2021	2020	2019	2018	2017
ERS								
Town's proportion of the net pension liability (asset)	0.0439998%	0.0422614%	0.0415165%	0.0401181%	0.04315210%	0.04239260%	0.04286360%	0.04359270%
Town's proportionate share of the net pension liability (asset)	\$ 6,478,549	\$ 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	\$ 13,096,747	\$ 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	49.47%	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	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%
PFRS								
Town's proportion of the net pension liability	0.1118035%	0.1035165%	0.0962786%	0.0954856%	0.0959098%	0.10334340%	0.10544070%	0.10243820%
Town's proportionate share of the net pension liability	\$ 5,302,642	\$ 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	\$ 4,368,655	\$ 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	121.38%	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	89.72%	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.46%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Bethlehem, New York

Required Supplementary Information Schedule of Employer Contributions

	December 31,							
	2024	2023	2022	2021	2020	2019	2018	2017
ERS								
Contractually required contribution	\$ 1,966,867	\$ 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	\$ 1,966,867	\$ 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	\$ 13,096,747	\$ 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	15.02%	12.73%	11.31%	15.95%	14.45%	14.33%	14.62%	14.96%
PFRS								
Contractually required contribution	\$ 1,422,523	\$ 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	\$ 1,422,523	\$ 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	\$ 4,368,655	\$ 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	32.56%	29.00%	28.04%	29.79%	25.56%	24.30%	24.27%	24.46%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Bethlehem, New York

Supplementary Information Combining Balance Sheet - Non-Major Funds

	December 31, 2024		
	Special Grant	Miscellaneous	Total
ASSETS			
Cash	\$ 70,489	\$ 128,524	\$ 199,013
Other receivables	17	-	17
	\$ 70,506	\$ 128,524	\$ 199,030
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Unearned revenue	\$ 58,938	\$ -	\$ 58,938
FUND BALANCES			
Restricted	11,568	128,524	140,092
	\$ 70,506	\$ 128,524	\$ 199,030

Town of Bethlehem, New York

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

	Year Ended December 31, 2024			
	Special Grant	Miscellaneous	Ambulance	Total
REVENUES				
Real property taxes	\$ -	\$ -	\$ 1,987,239	\$ 1,987,239
Real property tax items	-	-	520	520
Departmental income	-	134,700	-	134,700
Use of money and property	27	14,169	-	14,196
Federal aid	629,334	-	-	629,334
Total revenues	629,361	148,869	1,987,759	2,765,989
EXPENDITURES				
Health	-	-	1,987,759	1,987,759
Economic opportunity and development	620,693	-	-	620,693
Culture and recreation	-	389,651	-	389,651
Total expenditures	620,693	389,651	1,987,759	2,998,103
Excess (deficiency) of revenues over expenditures	8,668	(240,782)	-	(232,114)
FUND BALANCES, beginning of year	2,900	369,306	-	372,206
FUND BALANCES, end of year	\$ 11,568	\$ 128,524	\$ -	\$ 140,092