

**Town of Bethlehem, New York**

Basic Financial Statements

December 31, 2019

# Town of Bethlehem, New York

## Basic Financial Statements

December 31, 2019

### CONTENTS

	<b>Page</b>
<b>Independent Auditor's Report</b>	1-3
<b>Management's Discussions and Analysis</b> ( <i>unaudited</i> )	4-14
<b>Basic Financial Statements</b>	
Statement of Net Position	15
Statement of Activities	16
Balance Sheet - Governmental Funds	17
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	20
Statement of Fiduciary Net Position	21
Statement of Changes in Fiduciary Net Position	22
Notes to the Basic Financial Statements	23-42
<b>Required Supplementary Information</b>	
Budgetary Information	
Budgetary Comparison Schedule - General Fund	43
Budgetary Comparison Schedule - Highway Fund	44
Budgetary Comparison Schedule - Water Fund	45
Budgetary Comparison Schedule - Sewer Fund	46
Notes to Budgetary Basis Reporting	47
Pension Plans	
Schedule of Proportionate Share of the Net Pension Liability	48
Schedule of Employer Contributions	49
<b>Other Supplementary Information</b>	
Combining Balance Sheet - Non-Major Funds	50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -Non-Major Funds	51



## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying 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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Bethlehem Industrial Development Agency (Bethlehem IDA), which comprises the discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bethlehem IDA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Adverse Opinion on Governmental Activities***

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

### ***Adverse Opinion on Governmental Activities***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town as of December 31, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, based on our audit and the report of the other auditors, the 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, 2019, 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.

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 14, and the information listed under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Management has omitted the Schedule of Other Postemployment Benefits Liability that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinions on the basic financial statements are not affected by this missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

BST & CO. CPAs, LLP

Albany, New York  
April 20, 2020



# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2019

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, 2019. 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

All four major operating funds, including General, Highway, Water, and Sewer, finished the year with a surplus for 2019. In addition to department heads monitoring and maintaining expenditures at a responsible level, the key contributors to this were:

- Sales tax receipts were well in excess of expectation, presumably correlating to both the passage of new laws in April 2019 by New York State on collections for internet purchases and the strong economy.
- Mortgage tax receipts were boosted by \$378 thousand relating to the tax collection from a single mortgage for over \$77.4 million.
- Asphalt work fell short of expectation in 2019 and state aid grants for some roadwork performed in 2018 were obtained and recorded in 2019.
- Weak water sales and sewer charges relating to significant precipitation throughout much of the summer were offset by substantial cutbacks of planned expenditures.
- Managing investments toward higher yield accounts/securities to obtain the highest possible return, as well as the Town having maintained increased levels of cash relating to the sale of a \$17.2 million municipal bond.

	December 31, 2019			
	General	Highway	Water	Sewer
Final Budgeted Operating Revenue	\$ 20,720,902	\$ 7,011,653	\$ 10,260,047	\$ 4,564,235
Final Budgeted Operating Expenses	(22,255,515)	(7,531,070)	(11,022,287)	(5,111,950)
Budgeted Surplus (Shortfall)	\$ (1,534,613)	\$ (519,417)	\$ (762,240)	\$ (547,715)
Actual Revenue	\$ 21,218,177	\$ 7,372,040	\$ 9,770,355	\$ 4,582,298
Operating Expenses	(20,182,501)	(6,732,192)	(8,603,755)	(3,800,119)
Interfund Operating Transfers	447,170	-	(262,557)	(184,613)
Operating Surplus	1,482,846	639,848	904,043	597,566
Capital Fund Transfer	(1,071,209)	-	(666,017)	(314,076)
Net Surplus	411,637	639,848	238,026	283,490
Total Fund Balances, December 31, 2018	7,950,490	4,029,514	3,864,746	3,812,769
Total Fund Balances, December 31, 2019	\$ 8,362,127	\$ 4,669,362	\$ 4,102,772	\$ 4,096,259
Nonspendable Fund Balances	\$ 645,041	\$ 212,091	\$ 82,652	\$ 48,102
Assigned for Retirement	672,197	307,780	126,088	-
Assigned for Capital	1,696,398	1,548,929	851,678	2,339,255
Assigned Appropriated for Contingency	-	2,551,919	2,960,352	1,603,061
Assigned Appropriated Fund Balance	336,652	48,643	82,002	105,841
Unassigned for Contingency	5,011,839	-	-	-
Total Fund Balances	\$ 8,362,127	\$ 4,669,362	\$ 4,102,772	\$ 4,096,259

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2019

### Financial Highlights - Continued

#### General Items of Note for All Funds

##### *Fringe Benefits*

The Town employed an average of 214 full-time employees in 2019, as well as a total of 265 part-time and seasonal personnel throughout the year. The following schedule provides comparative detail on aggregated fringe benefit costs for current employees:

<u>Fringe Benefits</u>	<u>2019 Actual</u>	<u>2018 Actual</u>	<u>\$ Variance</u>	<u>% Variance</u>
Social Security Taxes	\$ 1,216,658	\$ 1,176,348	\$ 40,310	3.43%
Health and Dental Insurance	2,617,775	2,517,758	100,017	3.97%
Retirement Systems	2,644,248	2,645,999	(1,751)	-0.07%
Workers' Compensation Insurance	1,017,361	1,005,733	11,628	1.16%
Life and Short-Term Disability Insurance	22,219	22,859	(640)	-2.80%
Total	<u>\$ 7,518,261</u>	<u>\$ 7,368,697</u>	<u>\$ 149,564</u>	<u>2.03%</u>

Overall, the cost of fringe benefits for current employees increased from 2018 by \$150 thousand, or 2.0%. The largest increase was in the Town's health insurance cost by \$100 thousand, or 4.0%. This increase was primarily driven by an increase of 4.6% in the Town's premium rate. The other large change was in Social Security Taxes which increased \$40 thousand, or 3.4%. This was primarily due to a reduction in sworn public safety personnel who were out on work related injuries - 207(c). Officers out on this code receive full salary but, are not subject to FICA or Medicare taxes. The variance tied directly to 207(c) was \$24 thousand and the remaining difference is more consistent with the 1.9% increase in salaries and overtime.

##### *Post-Retirement Health Benefits*

Retired employees who have met certain eligibility requirements are entitled to receive health care benefits for themselves and their spouses. Those benefits are provided through payments of premiums by participants and the Town to a health insurance company. The Town recognizes the cost of providing these benefits for 180 retirees (including spouses) by expensing the annual insurance premiums. The postemployment expense was \$805 thousand for 2019 and \$746 thousand for 2018, a 7.8% increase.

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

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2019

### Financial Highlights - Continued

#### *Interest Income*

A summary of the budgeted bank-earned interest income compared to actual for 2019 is presented in the table below. Note that the Town only budgets for interest income in the operating funds and not in the Parkland Set Aside (Miscellaneous) or Capital Projects funds.

<u>Fund</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 40,300	\$ 209,981	\$ 169,681
Highway	30,000	144,738	114,738
Water	30,000	177,372	147,372
Sewer	30,000	93,500	63,500
Capital	-	30,563	30,563
Parkland Set Aside	-	5,995	5,995
Total	<u>\$ 130,300</u>	<u>\$ 662,149</u>	<u>\$ 531,849</u>

The interest earnings for 2019 were \$662 thousand, a 246% increase from the 2018 earnings of \$269 thousand. This increase was due to:

- The issuance of a \$17.2 million bond in May 2019 which earned \$127 thousand during the year
  - By year-end, only \$3.5 million in cash remained unused;
- The Town booked \$55 thousand of non-cash credits (also known as “compensating balances” or “earned interest credits”) received from Key Bank to revenue;
- The goal of achieving the highest rate of interest for cash balances. This included a new investment vehicle, the municipal investment cooperative, New York Cooperative Liquid Assets Securities System (NYCLASS), as an alternate investment strategy beginning in May 2019, in addition to traditional money market funds and treasuries.
  - This mission provided for higher interest earnings but, lowered the cash balances in accounts which have traditionally offset fees charged for vital banking services (e.g. “Lockbox” payment processing center, “Positive Pay” check matching, reconciliation of outstanding checks and debit blocks). As a result, the Town was charged \$76 thousand in bank service fees by Key Bank; a net cash outflow of \$21 thousand

### 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).

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2019

### Overview of the Financial Statements - Continued

#### Government-Wide Financial Statements - Continued

The governmental activities of the Town include general government support, education, 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.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

#### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2019

### Overview of the Financial Statements - Continued

#### Fiduciary Funds

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

#### Notes to Financial Statements

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

### Government-Wide Financial Analysis

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

	Governmental Activities			
	2019	2018	\$ Change	% Change
<b>Assets</b>				
Cash	\$ 32,576,747	\$ 22,536,121	\$ 10,040,626	44.55%
Receivables	8,556,968	7,627,495	929,473	12.19%
Other	321,005	778,432	(457,427)	-58.76%
Capital assets	122,379,675	105,911,954	16,467,721	15.55%
Total assets	163,834,395	136,854,002	26,980,393	19.71%
Deferred outflows of resources	5,216,294	8,264,136	(3,047,842)	-36.88%
<b>Liabilities</b>				
Due within one year	12,161,690	7,098,650	5,063,040	71.32%
Due in more than one year	46,248,137	28,514,057	17,734,080	62.19%
Total liabilities	58,409,827	35,612,707	22,797,120	64.01%
Deferred inflows of resources	1,658,125	6,591,350	(4,933,225)	-74.84%
Net position	\$ 108,982,737	\$ 102,914,081	\$ 6,068,656	5.90%

The Town's 2019 net position increased by \$6.1 million when compared to 2018. In addition to \$2.25 million in grant funding for the Clapper Road Water Treatment Plant upgrade project, the Town issued debt in May 2019 for a total amount of \$17.2 million of which \$3.1 million remains. A large portion of this debt was to provide funding for this project. Progress made on the Clapper Road upgrade project contributed \$11.9 million during 2019 to the fixed asset balance and there was a total of \$12.8 million of spending related to the project in 2019. Additionally, the Town's compensated absence current liability has increased \$1.1 million from the prior year as a result of a change in consideration; we do not anticipate changes of this magnitude going forward. Furthermore, total accounts payable increased by \$3.9 million from the prior year. This is almost entirely due to spending on the Clapper Road Water Treatment Plant. Lastly, the New York State Retirement System reported dramatically lower deferred outflows and inflows of resources in 2019.

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2019

### Government-Wide Financial Analysis - Continued

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

	Governmental Activities			
	2019	2018	\$ Change	% Change
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 12,973,525	\$ 13,095,340	\$ (121,815)	-0.93%
Operating grants and contributions	1,387,070	445,770	941,300	211.16%
Capital grants and contributions	2,654,939	547,867	2,107,072	384.60%
General revenues				
Taxes	27,788,483	26,946,509	841,974	3.12%
Other	2,847,524	2,493,797	353,727	14.18%
Total revenues	<u>47,651,541</u>	<u>43,529,283</u>	<u>4,122,258</u>	<u>9.47%</u>
<b>Expenses</b>				
General government support	6,121,642	5,984,184	137,458	2.30%
Public safety	9,407,358	8,751,442	655,916	7.49%
Health	1,247,241	1,210,899	36,342	3.00%
Transportation	7,378,655	6,379,954	998,701	15.65%
Economic opportunity and development	1,157,093	1,028,941	128,152	12.45%
Culture and recreation	1,829,087	1,673,652	155,435	9.29%
Home and community services	13,658,703	12,024,432	1,634,271	13.59%
Interest on long-term debt	783,106	841,009	(57,903)	-6.88%
Total expenses	<u>41,582,885</u>	<u>37,894,513</u>	<u>3,688,372</u>	<u>9.73%</u>
Increase in net position	<u>\$ 6,068,656</u>	<u>\$ 5,634,770</u>	<u>\$ 433,886</u>	<u>7.70%</u>

The Town earned revenue of \$3.4 million in 2019 related to the following projects: 9W Roundabout, Clapper Road upgrade, Delaware Avenue Streetscape, and annual paving. An increase of \$3.1 million from the prior year. Additionally, there was an increase in sales tax revenue in 2019 of \$417 thousand from the prior year, for the reasons noted above.

Town expenses increased in relative proportion to the increase in revenues in 2019. There were increases from the prior year in adjustments for Net Pension Liability and Compensated Absences of \$390 thousand and \$1.1 million, respectively. The change in Compensated Absences from 2018 is largely due to a change in consideration of the liability due at year-end and we do not expect this significant of a change in subsequent years. Additionally, the Town had an overall increase of \$536 thousand in wages and related taxes and benefits. Furthermore, there was an increase in paving costs in 2019 of \$337 thousand and matching revenues of a similar amount were included in the revenue amounts mentioned above.

### The Town's Funds

The Town uses fund accounting to ensure compliance with legal and financial requirements. As the Town completed the year, its governmental funds (as presented in the balance sheet on page 17) reported a combined fund balance of \$32.3 million. All the Town's major funds showed excess revenues over expenditures before other financing sources (uses).

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2019

### The Town's Funds - Continued

#### Items of Note for the General Fund

Total revenues and other financing sources increased approximately \$817 thousand, or 3.9%, from \$20.8 million in 2018 to \$21.7 million in 2019. The primary changes in this fund included:

- An increase in year over year sales tax revenues of \$417 thousand, from \$12.2 million in 2018 to \$12.6 million in 2019, relating to a strong economy and the state having passed new legislation relating to collections on internet sales;
- Mortgage tax revenues were tracking lower in the current year until the Town received a single mortgage tax receipt of over \$378 thousand, leading to a year over year increase of \$208 thousand;

Total operating expenditures increased by \$669 thousand, or 3.4%, from \$19.5 million in 2018 to \$20.2 million in 2019. Some of the larger drivers included the following:

- An increase of salaries and wages of \$307 thousand, increasing from \$10.5 million in 2018 to \$10.8 million in 2019, which represents a percentage change of 2.9%. This represents a 2.0% COLA (cost of living adjustment) to all employees as well as performance steps of approximately 5.0% which was available to all general employees who were in grades 1 through 4 on December 31, 2018, as well as eligible employees in grade 5. Additionally, there were retroactive payments made to all three public safety unions after the completion of their union contracts, providing them a COLA for 2018 in 2019;
- An increase of \$77 thousand in health insurance costs, increasing from \$1.3 million in 2018 to \$1.4 million in 2019; a 6.0% change consistent with the 4.6% change in premium, modified by changes in coverage;
- An increase of \$79 thousand in police computer equipment purchases which were made to support the RMS/CAD transition to Tyler Technologies;
- ANSWERS charges increased \$159 thousand, from \$285 thousand in 2018 to \$444 thousand in 2019 which relate to the increased cost of waste disposal at the City of Albany and the Town of Clifton Park's landfills. As these are costs incurred by private haulers, there were increased fee revenues of \$144 thousand, from \$433 thousand to \$567 thousand;
- Town Designated Engineer (TDE) review and inspection costs increased \$103 thousand, from \$7 thousand to \$110 thousand. However, developers offset these costs, and therefore revenues increased \$94 thousand, increasing from \$16 thousand to \$110 thousand.
- Debt service costs decreased \$237 thousand, from \$657 thousand in 2018 to \$420 thousand in 2019 related to the full maturity of the 2008 10 year police pension bond.

In 2018, the General Fund had a \$1.3 million assigned fund balance in the operating fund to help cover infrastructure and equipment costs identified through the Town's multi-year capital planning process. In 2019, the Town Board assigned an additional \$1 million of General Fund balance to help cover future capital needs, and as part of the Town's fund balance policy. Further, the Town transferred \$637 thousand of assigned fund balance to the General Fund Capital Reserve to pay for projects committed to by Town Board action. The total assigned fund balance, \$1.7 million, will remain in the operating fund, separately identified, until additional projects are authorized by the Town Board.

In 2012, the Town created a reserve for retirement stabilization in response to significant increases in annual contributions. To date, due to a growing economy, the Town has not had to utilize these funds. As of the end of 2019, the General Fund has maintained a reserve balance of \$672 thousand.

The Town incurred new debt in the amount of \$893 thousand in May 2019 through a 30-year \$17.2 million Public Improvement Bond, at an effective net interest cost (NIC) of 2.945%. Related debt service costs of \$45 thousand per year will begin in 2020 and continue through 2049.

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2019

### The Town's Funds - Continued

#### Items of Note for the Highway Fund

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

Total revenues increased by \$524 thousand, or 7.65%, from \$6.85 million in 2018 to \$7.37 million in 2019. The primary changes in this fund included:

- An increase in real property tax revenues of \$188 thousand, from \$6.14 million to \$6.32 million, or 3.07%.
- An increase in work performed on the roadways, which resulted in an increase in CHIPs, WARP, and Pave-NY funding from the State of \$337 thousand, increasing from \$279 thousand in 2018 to \$616 thousand in 2019.
  - Due to timing issues \$227 thousand of the current year receipts related to the Town's 2018 apportionment.
  - The Town is still eligible to receive \$59 thousand under the 2019 CHIPs apportionment, for roadwork performed in 2020, if the work is completed prior to September 16, 2020;
- Interest earnings were up for the year by \$90 thousand, or 164%, from \$55 thousand to \$145 thousand, due to an increased focus on higher yielding investments including the use of Municipal Cooperative Investments and Treasury Bills.
- Federal and State Disaster Assistance funds were down \$71 thousand and \$12 thousand respectively, as the final reimbursements for Hurricane Irene damages from 2011 and 2012 were received in 2018.

Total expenditures increased by \$430 thousand, or 6.82%, from \$6.3 million in 2018 to \$6.7 million in 2019. This was directly the result of a write-off of obsolete and slow-moving inventory items in the amount of \$451 thousand.

In 2018, the Highway Fund had \$926 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 2019, the Town Board assigned an additional \$623 thousand of Highway Fund operating fund balance to help cover future capital needs and as part of the Town's fund balance policy. The total remaining assigned fund balance of \$1.55 million, will remain in the operating fund, separately identified, until additional equipment purchases, or projects are authorized by the Town Board.

In 2012, the Town created a reserve for retirement stabilization in response to significant increases in annual contributions. To date, due to a growing economy, the Town has not had to utilize these funds. As of the end of 2019, the Highway Fund has maintained a reserve balance of \$308 thousand.

The Town incurred new debt in the amount of \$969 thousand in May 2019 through a 30-year \$17.2 million Public Improvement Bond. At an effective NIC of 2.945%. Related debt service costs of \$49 thousand per year will begin in 2020 and continue through 2049.

#### Items of Note for the Water Fund

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

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2019

### The Town's Funds - Continued

The Water Fund's operating revenues decreased by \$228 thousand, or 2.28%, from \$10.0 million in 2018 to \$9.8 million in 2019.

- An increase in real property tax revenues of \$58 thousand, from \$1.95 million to \$2.00 million, or 3.0%.
- Metered water sales decreased by \$278 thousand, or 3.9%, from \$7.14 million to \$6.86 million, due to heavy precipitation during the year.

The Water Fund's operating expenditures decreased by \$525 thousand, or 5.75%, from \$9.1 million in 2018 to \$8.6 million in 2019. The primary driver of this increase was an increase in the Albany Water Contract expenditure of \$229 thousand in 2019, or 13.4% over 2018. This was due to two variable changes. The first, a 2% increase in the rate charged the Town. The percentage change is tied to the City of Albany residential rate. The second, an increase in the "take or pay" volume component. In 2019, the Town was required to purchase 50 million gallons of water more than 2018. It is the last required "step" in purchase minimums through the end of the contract in 2023.

In 2018, the Water Fund had \$918 thousand of assigned fund balance in the operating fund to help cover infrastructure and equipment costs identified through the multi-year capital planning process. In 2019, the Town Board assigned an additional \$600 thousand of Water Fund operating fund balance to help cover future capital needs, and as part of the Town's fund balance policy. Further, the Town transferred \$666 thousand of assigned fund balance to the Water Fund Capital Reserve to pay for projects committed to by Town Board action. The total remaining assigned fund balance, \$852 thousand, will remain in the operating fund, separately identified, until additional projects are authorized by the Town Board.

In 2012, the Town created a reserve for retirement stabilization in response to significant increases in annual contributions. To date, due to a growing economy, the Town has not had to utilize these funds. As of the end of 2019, the Water Fund has maintained a reserve balance of \$126 thousand.

The Town incurred new debt in the amount of \$15.4 million in May 2019 through a 30-year \$17.2 million Public Improvement Bond. At an effective NIC of 2.945%. Related debt service costs of \$783 thousand per year will begin in 2020 and continue through 2049.

### Items of Note for the Sewer Fund

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

The Sewer Fund's operating revenue increased by \$5 thousand, or 0.10%, remaining approximately flat at \$4.6 million from 2018 to 2019.

The Sewer Fund's operating expenditures increased by \$201 thousand, or 5.58% relating primarily to materials for the Hammegrael Gravity Sewer Project which amounted to \$219 thousand used in 2019; \$202 thousand greater than total capital purchases from the operating fund in the prior year.

In 2018, the Sewer Fund had \$1.9 million of assigned fund balance in the operating fund to help cover infrastructure and equipment costs identified through the multi-year capital planning process. In 2019, the Town Board assigned an additional \$734 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 \$314 thousand of assigned fund balance to the Water Fund Capital Reserve to pay for projects committed to by Town Board action. The total remaining assigned fund balance, \$2.3 million, will remain in the operating fund, separately identified, until additional projects are authorized by the Town Board.

There were no new debt issuances in 2019.

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2019

### The Town's Funds - Continued

#### Analysis of Fund Balance

In 2012, the Town passed a comprehensive fund balance policy that provided guidance for minimum (7%), 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 2018, along with a calculation showing where the fund balances are as compared to this policy.

The projected 2020 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 2020.

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

	<u>General</u>	<u>Highway</u>	<u>Water</u>	<u>Sewer</u>
Fund Balances, December 31, 2019	\$ 8,362,127	\$ 4,669,362	\$ 4,102,772	\$ 4,096,259
Less:				
Prior Year Encumbrances	336,652	48,643	82,002	105,841
Retirement Contribution Reserve	672,197	307,780	126,088	-
Capital Reserve Appropriation	1,696,398	1,548,929	851,678	2,339,255
Nonspendable Fund Balance	645,041	212,091	82,652	48,102
Infrastructure Reserve	879,775	1,116,326	679,461	719,053
Projected Balance, December 31, 2020	<u>\$ 4,132,064</u>	<u>\$ 1,435,593</u>	<u>\$ 2,280,891</u>	<u>\$ 884,008</u>
2020 Budgeted Appropriations	<u>\$20,660,319</u>	<u>\$ 7,177,969</u>	<u>\$ 11,404,454</u>	<u>\$ 4,420,047</u>
Percent of Appropriations	<u>20.00%</u>	<u>20.00%</u>	<u>20.00%</u>	<u>20.00%</u>

### Capital Asset and Debt Administration

#### Capital Assets

As of 2019, the Town has \$122.4 million invested in a broad range of capital assets, including land, buildings, improvements, machinery and equipment, and infrastructure, which primarily includes roads, water lines, and sewer lines. This amount represents a \$16.5 million increase compared to the prior year.

#### Summary of Long-Term Liabilities

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

	<u>2019</u>	<u>2018</u>
Serial bonds	\$42,602,100	\$27,010,000
Net pension liability	4,736,779	2,449,147
Compensated absences	1,630,987	540,724
Landfill closure and post-closure	100,000	100,000
Judgments and claims	40,000	60,000
Total long-term debt	<u>\$49,109,866</u>	<u>\$30,159,871</u>

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

# **Town of Bethlehem, New York**

## **Management's Discussion and Analysis December 31, 2019**

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

According to the New York Department of Labor, the 2019 unemployment rate for Albany County was 3.6%, compared to 3.5% in 2018. This rate is slightly higher than the 2019 United States unemployment rate of 3.5%. Subsequent to 2019, the novel coronavirus known as COVID-19 began spreading around the world and has significantly impacted the greater metropolitan New York City area and surrounding suburbs. The Town is evaluating the economic impacts of COVID-19 on its budgeted 2020 revenues and expenditures. The potential financial impact to the Town is currently undeterminable. The State of New York continues to represent a major employer in the Capital Region, which has provided some stability from significant financial downturns impacted in the United States in years past.

Like all local governments, the Town is subject to the New York State tax cap. The allowable levy growth factor for 2019 property taxes was 2.00% for the Town with an additional tax base growth factor of 1.03%. The published allowable levy growth factor for the 2020 period is 2.0% with an additional tax base growth factor of 1.57%. The Town's adherence to these modest tax increases remains a challenge, given State mandates, negotiated wage increases, and healthcare cost increases.

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

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

This financial report is designed to provide a general overview of the Town's finances for all those having an interest and should be considered along with the annual audit report, including the related footnotes. Questions concerning any of the information provided in this report may be addressed to David VanLuven, Supervisor, or to Michael Cohen, CPA, Comptroller, at 445 Delaware Avenue, Delmar, NY 12054.

# Town of Bethlehem, New York

## Statement of Net Position

	<b>December 31, 2019</b>	
	<b>Primary Governmental Activities</b>	<b>Component Unit</b>
<b>ASSETS</b>		
Cash	\$ 32,576,747	\$ 456,000
Receivables		
Accounts	3,075,197	9,850
State and federal receivables	922,429	-
Due from other governments	4,559,342	-
Inventory	211,722	-
Prepaid expenses	109,283	-
Capital assets	122,379,675	-
Total assets	163,834,395	465,850
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	5,216,294	-
<b>LIABILITIES</b>		
Accounts payable	6,973,551	-
Accrued liabilities	694,778	-
Due to other governments	567,606	-
Unearned revenue	1,064,026	-
Long-term liabilities		
Due within one year	2,861,729	-
Due in more than one year	46,248,137	-
	58,409,827	-
<b>DEFERRED INFLOWS OF RESOURCES</b>	1,658,125	-
<b>NET POSITION</b>		
Net investment in capital assets	82,877,575	-
Restricted	11,117,445	-
Unrestricted	14,987,717	465,850
	<b>\$ 108,982,737</b>	<b>\$ 465,850</b>

See accompanying Notes to Basic Financial Statements.



# Town of Bethlehem, New York

## Balance Sheets - Governmental Funds

December 31, 2019

### Major Funds

	General	Highway	Water	Sewer	Capital Projects	Other Governmental	Total
<b>ASSETS</b>							
Cash	\$ 5,546,741	\$ 4,393,867	\$ 3,292,097	\$ 3,653,285	\$ 14,711,139	\$ 979,618	\$32,576,747
Accounts receivable	344,430	508	1,827,166	902,943	150	-	3,075,197
State and federal receivables	15,019	388,706	-	-	518,704	-	922,429
Due from other governments	4,194,709	-	214,552	150,081	-	-	4,559,342
Inventory	94,728	111,841	5,153	-	-	-	211,722
Prepaid expenses	550,313	100,250	77,499	48,102	-	-	776,164
	<b><u>\$ 10,745,940</u></b>	<b><u>\$ 4,995,172</u></b>	<b><u>\$ 5,416,467</u></b>	<b><u>\$ 4,754,411</u></b>	<b><u>\$ 15,229,993</u></b>	<b><u>\$ 979,618</u></b>	<b><u>\$42,121,601</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 555,714	\$ 224,369	\$ 958,963	\$ 142,339	\$ 5,061,453	\$ 30,713	\$ 6,973,551
Accrued liabilities	476,030	101,441	75,485	41,822	-	-	694,778
Due to other governments	567,606	-	-	-	-	-	567,606
Unearned revenue	784,463	-	-	279,563	-	-	1,064,026
Total liabilities	<u>2,383,813</u>	<u>325,810</u>	<u>1,034,448</u>	<u>463,724</u>	<u>5,061,453</u>	<u>30,713</u>	<u>9,299,961</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>279,247</u>	<u>194,428</u>	<u>-</u>	<u>-</u>	<u>473,675</u>
<b>FUND BALANCES</b>							
Nonspendable	645,041	212,091	82,652	48,102	-	-	987,886
Restricted	-	-	-	-	10,168,540	948,905	11,117,445
Assigned	2,705,247	4,457,271	4,020,120	4,048,157	-	-	15,230,795
Unassigned	5,011,839	-	-	-	-	-	5,011,839
Total fund balances	<u>8,362,127</u>	<u>4,669,362</u>	<u>4,102,772</u>	<u>4,096,259</u>	<u>10,168,540</u>	<u>948,905</u>	<u>32,347,965</u>
	<b><u>\$ 10,745,940</u></b>	<b><u>\$ 4,995,172</u></b>	<b><u>\$ 5,416,467</u></b>	<b><u>\$ 4,754,411</u></b>	<b><u>\$ 15,229,993</u></b>	<b><u>\$ 979,618</u></b>	<b><u>\$42,121,601</u></b>

See accompanying Notes to Basic Financial Statements.

# Town of Bethlehem, New York

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

	<b>December 31, 2019</b>
Total fund balances - governmental funds	\$ 32,347,965
Amounts reported for government activities in the statement of net position are different because:	
Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.	122,379,675
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.	473,675
Pension contributions subsequent to the measurement date are reported as deferred outflows of resources in the statement of net position:	
Total pension contribution subsequent to the measurement date	2,660,546
Total prepaid pension contribution	<u>(666,881)</u>
	1,993,665
Some liabilities (listed below) are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(42,602,100)
Net pension liability, net of deferrals	(3,839,156)
Claims payable	(40,000)
Landfill post-closure costs	(100,000)
Compensated absences	<u>(1,630,987)</u>
	<u>(48,212,243)</u>
<b>Total net position - governmental activities</b>	<b><u>\$ 108,982,737</u></b>

# Town of Bethlehem, New York

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

	Year Ended December 31, 2019						
	Major Funds					Other	
	General	Highway	Water	Sewer	Capital Projects	Governmental	Total
<b>REVENUES</b>							
Real property taxes	\$ 3,254,911	\$ 6,323,609	\$ 2,006,413	\$ 1,300,000	\$ -	\$ 1,247,241	\$ 14,132,174
Real property tax items	123,872	217,217	-	-	-	-	341,089
Non-property tax items	13,315,220	-	-	-	-	-	13,315,220
Departmental Income	1,905,933	-	7,329,817	3,178,550	-	106,850	12,521,150
Intergovernmental charges	80,000	10,883	-	-	-	-	90,883
Use of money and property	241,194	144,737	404,255	93,498	30,582	5,995	920,261
Licenses and permits	44,965	-	-	-	-	-	44,965
Fines and forfeitures	365,363	-	-	-	-	-	365,363
Sales of property and compensation for loss	155,578	40,326	29,870	10,250	-	-	236,024
Miscellaneous local sources	205,777	19,121	-	-	200	-	225,098
State aid	1,450,429	616,147	-	-	2,567,546	-	4,634,122
Federal aid	74,935	-	-	-	288,693	468,907	832,535
Total revenues	<u>21,218,177</u>	<u>7,372,040</u>	<u>9,770,355</u>	<u>4,582,298</u>	<u>2,887,021</u>	<u>1,828,993</u>	<u>47,658,884</u>
<b>EXPENDITURES</b>							
General government support	4,056,224	-	-	-	86,608	-	4,142,832
Public safety	6,569,322	-	-	-	15,070	-	6,584,392
Health	-	-	-	-	-	1,247,241	1,247,241
Transportation	701,423	4,852,226	-	-	1,225,284	-	6,778,933
Economic opportunity and development	498,565	-	-	-	-	463,567	962,132
Culture and recreation	1,424,165	-	-	-	595,565	688	2,020,418
Home and community services	1,569,627	-	6,310,150	2,595,852	15,248,287	-	25,723,916
Employee benefits	4,943,327	1,655,211	1,077,536	646,833	-	-	8,322,907
Debt service							
Principal	226,577	145,767	934,961	327,695	-	-	1,635,000
Interest	193,271	78,988	281,108	229,739	-	-	783,106
Total expenditures	<u>20,182,501</u>	<u>6,732,192</u>	<u>8,603,755</u>	<u>3,800,119</u>	<u>17,170,814</u>	<u>1,711,496</u>	<u>58,200,877</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u><b>1,035,676</b></u>	<u><b>639,848</b></u>	<u><b>1,166,600</b></u>	<u><b>782,179</b></u>	<u><b>(14,283,793)</b></u>	<u><b>117,497</b></u>	<u><b>(10,541,993)</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating transfers in	447,170	-	-	-	2,051,302	-	2,498,472
Operating transfers out	(1,071,209)	-	(928,574)	(498,689)	-	-	(2,498,472)
Proceeds from issuance of bonds	-	-	-	-	17,227,100	-	17,227,100
Total other financing sources (uses)	<u>(624,039)</u>	<u>-</u>	<u>(928,574)</u>	<u>(498,689)</u>	<u>19,278,402</u>	<u>-</u>	<u>17,227,100</u>
<b>Excess of revenues and other financing sources over expenditures and other financing uses</b>	<u><b>411,637</b></u>	<u><b>639,848</b></u>	<u><b>238,026</b></u>	<u><b>283,490</b></u>	<u><b>4,994,609</b></u>	<u><b>117,497</b></u>	<u><b>6,685,107</b></u>
<b>FUND BALANCES, beginning of year</b>	<u>7,950,490</u>	<u>4,029,514</u>	<u>3,864,746</u>	<u>3,812,769</u>	<u>5,173,931</u>	<u>831,408</u>	<u>25,662,858</u>
<b>FUND BALANCES, end of year</b>	<u><b>\$ 8,362,127</b></u>	<u><b>\$ 4,669,362</b></u>	<u><b>\$ 4,102,772</b></u>	<u><b>\$ 4,096,259</b></u>	<u><b>\$ 10,168,540</b></u>	<u><b>\$ 948,905</b></u>	<u><b>\$ 32,347,965</b></u>

See accompanying Notes to Basic Financial Statements.

# Town of Bethlehem, New York

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

	<b>Year Ended December 31, 2019</b>
Net change in fund balances - total governmental funds	\$ 6,685,107
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds, and the sale of capital assets is recorded as revenue in governmental funds. However, in the statement of activities, the cost of capital assets is reported as assets, while disposals, net of sale proceeds are reported as expenses. In the current period, the purchase and disposal amounts are:	
Purchase of assets	16,773,785
Disposal of capital assets	<u>(306,064)</u>
	16,467,721
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of proceeds and repayments:	
Repayment of principal	1,635,000
Proceeds from issuance of bonds	<u>(17,227,100)</u>
	(15,592,100)
Decrease in revenues in the statement of activities that does not reduce current financial resources are not reported in the funds.	(7,343)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported in the funds:	
General government support	(307,576)
Public safety	(453,579)
Transportation	(297,143)
Economic opportunity and development	(29,860)
Culture and recreation	(54,368)
Home and community services	<u>(342,203)</u>
	<u>(1,484,729)</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 6,068,656</u></b>

# Town of Bethlehem, New York

## Statement of Fiduciary Net Position

	<u>December 31, 2019</u>
	<u>Custodial Fund</u>
<b>Assets</b>	
Cash	<u>\$ 81,549</u>
<b>Net Position</b>	
Restricted for:	
Performance bonds	74,825
Bail	6,700
Town clerk	24
Total net position	<u>\$ 81,549</u>

# Town of Bethlehem, New York

## Statement of Changes in Fiduciary Net Position

	<b>December 31, 2019</b>
	<b>Custodial Fund</b>
<b>Additions</b>	
Interest	\$ 456
Bail collected	8,755
Total additions	<u>9,211</u>
<b>Deductions</b>	
Bail returned to bailees	<u>15,385</u>
<b>Net decrease in fiduciary net position</b>	<b>(6,174)</b>
<b>Net position - <i>beginning of year</i></b>	<u>87,723</u>
<b>Net position - <i>end of year</i></b>	<u><u>\$ 81,549</u></u>

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

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

#### *a. Organization*

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

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

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

#### *b. Financial Reporting Entity*

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

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

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

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

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

#### *c. Basis of Presentation*

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

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

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

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

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

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

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

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

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

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

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

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

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

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

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

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

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

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

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

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

#### *Major Funds*

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

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

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

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

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

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

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

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

##### *Non-Major Funds*

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

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

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

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

#### *f. Estimates*

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

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

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

Account and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts, if any, by identifying troubled accounts and by using historical experience applied to an aging of accounts. No allowance was deemed necessary at December 31, 2019.

#### *h. Inventory*

The Town's inventory consists of salt used on roadways, fuel, information technology supplies, and spare machinery parts. Inventory is reported in the fund financial statements and statement of net position at the lower of cost or net realizable value, on a first-in first-out basis. Inventory expected to be used in the Town's normal operations is expensed as consumed. Damaged and obsolete inventory is evaluated by management on periodic basis. During 2019 the Town recorded an impairment charge of \$451,000 in its Highway Fund for obsolete and slow-moving inventory.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

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

#### *i. Interfund Transactions*

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

#### *j. Capital Assets*

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

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

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

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

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

#### *l. Compensated Absences*

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

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

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

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

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

#### *m. Pensions*

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

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

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

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 180 individuals, at a cost of \$804,646 for the year ended December 31, 2019.

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

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

#### *p. Deferred Compensation Plan*

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

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

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

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

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

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

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

#### r. Net Position and Fund Balance

The following terms are used in reporting net position:

*Net Investment in Capital Assets* consists of capital assets, including restricted capital assets, reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* net position is reported when constraints placed on the use of resources are either:

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

*Unrestricted* is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted components of net position described above.

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

*Nonspendable* - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact.

*Restricted* - Amounts that have restraints that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.

*Assigned* - Amounts that are constrained only by the government's intent to be used for a specified purpose but are not restricted or committed in any manner.

*Unassigned* - The residual amount in the General Fund after all of the other classifications have been established. In a Special Revenue Fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

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

*r. Net Position and Fund Balance - Continued*

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

*s. Subsequent Events*

The Town has evaluated subsequent events for potential recognition or disclosure through April 20, 2020, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen, which will likely have a negative impact on certain Town 2020 operating revenues. At this time the expected impact remains unknown.

*t. Adoption of New Accounting Standard*

Effective January 1, 2019, the Town implemented the provisions of GASB Statement No. 84, *Fiduciary Activities* (GASB 84). This statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The adoption of GASB 84 resulted in inclusion of an additional statement, the Statement of Changes in Fiduciary Net Position, and changed terminology from "trust and agency" to "custodial" when referring to the type of fiduciary funds used by the Town.

### Note 2 - Cash and Investments

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

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

At year end, the book balance of the Town's Government Wide deposits total \$32,574,397 (excluding \$2,350 in petty cash), and the bank balance was \$32,615,864. The insured and collateral status of the bank balance was as follows:

Federally insured	\$ 3,211,604
Collateralized with securities held by a third-party custodian for the benefit of the Town pursuant to third-party custody agreement	<u>29,404,260</u>
	<u>\$ 32,615,864</u>

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

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

State and federal receivables consist of the following:

	General	Highway	Water	Sewer	Capital	Total
State and federal receivables						
Due from New York State	\$ -	\$ 388,706	\$ -	\$ -	\$ 317,546	\$ 706,252
Due from federal government	15,019	-	-	-	201,158	216,177
	<u>\$ 15,019</u>	<u>\$ 388,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 518,704</u>	<u>\$ 922,429</u>

Due from other governments is composed of the following:

	General	Highway	Water	Sewer	Capital	Total
Due from other governments						
Albany County						
Sales tax	\$ 3,191,478	\$ -	\$ -	\$ -	\$ -	\$ 3,191,478
Mortgage tax	897,237	-	-	-	-	897,237
Water/Sewer relieves	-	-	214,552	150,081	-	364,633
Bethlehem IDA	49,826	-	-	-	-	49,826
Other	56,168	-	-	-	-	56,168
	<u>\$ 4,194,709</u>	<u>\$ -</u>	<u>\$ 214,552</u>	<u>\$ 150,081</u>	<u>\$ -</u>	<u>\$ 4,559,342</u>

Amounts due to other governments consist of the following balances:

	General
Albany County - EMS Services	\$ 536,004
Fire Districts	126
New York State - Justice Court Receipts	31,476
	<u>\$ 567,606</u>

### Note 4 - Capital Assets

A summary of changes in capital assets is as follows:

	Balance at January 1, 2019	Additions	Disposals	Balance at December 31, 2019
Land	\$ 1,970,816	\$ 17,649	\$ -	\$ 1,988,465
Buildings	25,249,991	13,550,304	-	38,800,295
Improvements	17,376,166	63,804	-	17,439,970
Machinery and equipment	25,668,575	1,946,642	306,064	27,309,153
Infrastructure	35,646,406	1,195,386	-	36,841,792
Total capital assets	<u>\$ 105,911,954</u>	<u>\$ 16,773,785</u>	<u>\$ 306,064</u>	<u>\$ 122,379,675</u>

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

### Note 5 - Long-Term Liabilities

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

	Year Ended December 31, 2019					Total
	Landfill Post-Closure Costs	Bonds Payable	Judgments and Claims	Net Pension Liability	Compensated Absences	
Balance, <i>beginning of year</i>	\$ 100,000	\$27,010,000	\$ 60,000	\$ 2,449,147	\$ 540,724	\$30,159,871
Additions/issues	-	17,227,100	-	3,062,797	-	20,289,897
Redeemed	-	(1,635,000)	-	(2,660,546)	-	(4,295,546)
Other increase/(decrease)	-	-	(20,000)	1,885,381	1,090,263	2,955,644
 Balance, <i>end of year</i>	 <u>\$ 100,000</u>	 <u>\$42,602,100</u>	 <u>\$ 40,000</u>	 <u>\$ 4,736,779</u>	 <u>\$ 1,630,987</u>	 <u>\$49,109,866</u>
 Current portion	 \$ -	 \$ 1,837,100	 \$ -	 \$ -	 \$ 1,024,629	 \$ 2,861,729
Non-current portion	100,000	40,765,000	40,000	4,736,779	606,358	46,248,137
	<u>\$ 100,000</u>	<u>\$42,602,100</u>	<u>\$ 40,000</u>	<u>\$ 4,736,779</u>	<u>\$ 1,630,987</u>	<u>\$49,109,866</u>

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

#### a. Bonds Payable

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

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

	Original Issuance	Original Amount	Interest Rate	Final Maturity	December 31, 2019 Outstanding
Water	2012	6,715,000	4.000%	2022	\$ 2,520,000
General, Highway, Water, and Sewer	2015	5,912,058	2.000%	2034	4,950,000
General, Water, and Sewer	2016	6,455,000	4.000%	2037	6,120,000
Sewer	2016	2,600,000	0.550%	2046	2,380,000
General, Highway, Water, and Sewer	2017	9,992,241	2.250%	2042	9,405,000
General, Highway, and Water	2019	17,227,100	2.950%	2049	17,227,100
					<u>\$ 42,602,100</u>

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

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

*a. Bonds Payable - Continued*

Aggregate minimum maturities of debt service are as follows:

	Principal	Interest	Total
For the year ending December 31,			
2020	\$ 1,837,100	\$ 1,434,246	\$ 3,271,346
2021	2,145,000	1,134,674	3,279,674
2022	2,225,000	1,060,480	3,285,480
2023	1,375,000	1,006,158	2,381,158
2024	1,415,000	972,961	2,387,961
2025 through 2029	7,630,000	4,322,995	11,952,995
2030 through 2034	8,780,000	3,232,278	12,012,278
2035 through 2039	7,165,000	2,021,274	9,186,274
2040 through 2044	5,670,000	1,039,105	6,709,105
2045 through 2049	4,360,000	322,679	4,682,679
	\$42,602,100	\$16,546,850	\$59,148,950

*b. 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 \$40,000. Provisions for losses of those cases is recorded in the statement of net position.

*c. Landfill Post-Closure Costs*

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

*d. Compensated Absences*

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

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

### Note 6 - Unearned Revenue

Unearned revenue consists of the following:

	Customer Deposits	Restricted Gifts	Other	Total
General	\$ 398,188	\$ 147,689	\$ 238,586	\$ 784,463
Sewer	25,000	-	254,563	279,563
	\$ 423,188	\$ 147,689	\$ 493,149	\$ 1,064,026

### Note 7 - Deferred Inflows of Resources

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

	Departmental Income
Water	\$ 279,247
Sewer	194,428
	\$ 473,675

### Note 8 - Interfund Transactions

During the course of operations, the Town has numerous transactions between funds, including expenditures and transfers of revenue to provide services and construct assets. For the year ended December 31, 2019, interfund receivables, payables, revenues, and expenses arising from these transactions were as follows:

	December 31, 2019	
	Operating Transfers-In	Operating Transfers-Out
General	\$ 447,170	\$ 1,071,209
Water	-	928,574
Sewer	-	498,689
Capital Projects	2,051,302	-
	\$ 2,498,472	\$ 2,498,472

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

### Note 9 - Retirement System

*a. Plan Description and Benefits Provided*

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

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

*b. Contributions*

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

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

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

	ERS	PFRS	Total
2019	\$ 1,678,185	\$ 962,446	\$ 2,640,631
2018	\$ 1,648,913	\$ 968,271	\$ 2,617,184
2017	\$ 1,646,734	\$ 959,534	\$ 2,606,268

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

At December 31, 2019, the Town reported a liability of \$4,736,779 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, 2019, and the total pension liability was determined by an actuarial valuation as of April 1, 2018. 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, 2019 measurement date, the Town's proportionate share of ERS and PFRS was 0.0423926% and 0.1033434%, respectively.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

### Note 9 - Retirement System - Continued

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

For the year ended December 31, 2019, the Town recognized pension expense of \$2,644,248 in the governmental wide financial statements. At December 31, 2019, 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	\$ 591,481	\$ 201,629	\$ 421,026	\$ 185,041
Changes of assumptions	754,994	-	629,694	-
Net differences between projected and actual investment earnings on pension plan investments	-	770,901	-	347,104
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,200	124,126	150,353	29,324
Contributions subsequent to the measurement date	1,697,454	-	963,092	-
<b>Total</b>	<b>\$ 3,052,129</b>	<b>\$ 1,096,656</b>	<b>\$ 2,164,165</b>	<b>\$ 561,469</b>

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. 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,		
2020	\$ 571,474	\$ 382,197
2021	(635,826)	(41,437)
2022	(76,234)	30,280
2023	398,605	219,444
2024	-	49,120
<b>Total</b>	<b>\$ 258,019</b>	<b>\$ 639,604</b>

*d. Actuarial Assumptions*

The actuarial assumptions used in the April 1, 2018 valuation, with updated procedures used to roll forward the total pension liability to March 31, 2019, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

	ERS	PFRS
Investment rate of return (net of investment expense, including inflation)	7.00%	7.00%
Salary scale	4.20%	5.00%
Inflation rate	2.50%	2.50%
Cost of living adjustment	1.30%	1.30%

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

### Note 9 - Retirement System - Continued

#### d. Actuarial Assumptions - Continued

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustment for mortality improvements based on Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

#### e. Investment Asset Allocation

The long-term 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 returns net of investment expense 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 each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2019 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-Indexed bonds	4.00%	1.25%
	100.00%	

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

### Note 9 - Retirement System - Continued

*f. Discount Rate*

The discount rate projection of cash flows assumes that contributions from members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0% and the impact of using a discount rate that is 1% higher or lower than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
<b>ERS</b>			
Town's proportionate share of the net pension liability (asset)	\$ 13,132,417	\$ 3,003,645	\$ (5,505,241)
<b>PFRS</b>			
Town's proportionate share of the net pension liability (asset)	\$ 6,263,288	\$ 1,733,134	\$ (2,050,070)

*h. Pension Plan Fiduciary Net Position*

The components of the current-year net pension liability of the System as of March 31, 2019 were as follows (amounts in thousands):

	ERS	PFRS	Total
Employers' total pension liability	\$ 189,803,429	\$ 34,128,100	\$ 223,931,529
Plan net position	182,718,124	32,451,037	215,169,161
Employers' net pension liability	\$ 7,085,305	\$ 1,677,063	\$ 8,762,368
Ratio of plan net position to the employers' total pension liability	96.3%	95.1%	96.1%

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

### Note 10 - Fund Balances

Fund balances are detailed as follows:

	General	Highway	Water	Sewer	Capital Projects	Non-Major Funds
<b>Nonspendable</b>						
Inventory	\$ 94,728	\$ 111,841	\$ 5,153	\$ -	\$ -	\$ -
Prepaid	550,313	100,250	77,499	48,102	-	-
	<u>645,041</u>	<u>212,091</u>	<u>82,652</u>	<u>48,102</u>	<u>-</u>	<u>-</u>
<b>Restricted</b>						
Capital reserve	-	-	-	-	6,602,602	-
Bond proceeds - capital	-	-	-	-	3,374,875	-
Landfill post-closure	-	-	-	-	191,063	-
Parklands	-	-	-	-	-	943,565
Section 8	-	-	-	-	-	5,340
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,168,540</u>	<u>948,905</u>
<b>Assigned</b>						
Encumbrances	336,652	48,643	82,002	105,841	-	-
Capital reserve	1,696,398	1,548,929	851,678	2,339,255	-	-
Retirement contribution	672,197	307,780	126,088	-	-	-
Highway Fund	-	2,551,919	-	-	-	-
Water Fund	-	-	2,960,352	-	-	-
Sewer Fund	-	-	-	1,603,061	-	-
	<u>2,705,247</u>	<u>4,457,271</u>	<u>4,020,120</u>	<u>4,048,157</u>	<u>-</u>	<u>-</u>
<b>Unassigned</b>						
	<u>5,011,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,362,127</u>	<u>\$ 4,669,362</u>	<u>\$ 4,102,772</u>	<u>\$ 4,096,259</u>	<u>\$ 10,168,540</u>	<u>\$ 948,905</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	\$ 1,084,534
Recreational facilities	357,693
Fire tower and additions and improvements	117,779
Highway equipment	1,614,563
Reconstruction of water facilities	6,191,745
Reconstruction of sewer facilities	611,163
Total GML Section 6-C	<u>9,977,477</u>

#### GML Section 6-O Reserves

191,063

Total Capital Reserves Under GML Sections 6-C and 6-O

\$ 10,168,540

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

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

### Note 10 - Fund Balances - Continued

The Town has a fund balance policy that provides guidance for minimum, maximum, and optimal levels at which the operating fund reserves should be held. These percentages of fund balance to appropriations are set at 7%, 20%, and 15%, respectively. As of December 31, 2019, all funds were at maximum. To the extent that fund balances exceed the maximum, per policy, the balances are assigned as infrastructure reserve funds.

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

### Note 11 - Tax Abatements

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

Information relevant to disclosure of these agreements for the year ended December 31, 2019 is as follows:

Property Owner	Taxable Assessed Value	Tax Rate <sup>1</sup> per 000	Tax Value	PILOT Received	Taxes Abated
44-74 21st Street, LLC	\$ 7,700,000	\$ 2.59	\$ 19,926	\$ 9,081	\$ 10,845
Albany Enterprises LLC	2,100,000	2.59	5,434	4,358	1,076
American Housing Foundation <sup>2</sup>	-	2.59	-	11,683	(11,683)
CPI Bethlehem BERK I LLC	1,100,000	2.59	2,847	1,465	1,382
CPI Bethlehem SEF I LLC	1,200,000	2.59	3,105	1,588	1,517
Finke Enterprises, LLC	5,900,000	2.59	15,268	11,005	4,263
MALM Realty Company	1,000,000	2.59	2,588	2,176	412
PSEG Power	100,000,000	2.59	258,778	264,202	(5,424)
SAE Sun and Earth Energy Corp	163,700	2.59	424	424	-
Selkirk Ventures	9,600,000	2.59	24,843	24,843	-
Vista Development Group LLC	2,621,000	2.59	6,784	6,784	-
Vista Medical LLC	1,350,000	2.59	3,493	2,653	840
	<u>\$ 132,734,700</u>		<u>\$ 343,490</u>	<u>\$ 340,262</u>	<u>\$ 3,228</u>

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

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

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

### Note 12 - Commitments

The Town has completed closure of the North Street landfill in accordance with an Order of Consent issued by the Department of Environmental Conservation (DEC) on November 18, 1993. The Town is required to monitor the site for 30 years, with 23 years lapsed as of December 31, 2019. The current estimated liability for post-closure care costs of the landfill for the remaining 7 years is \$38,000. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Funds have been reserved to finance the remaining post-closure costs.

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

### Note 13 - Contingencies, Risks and Uncertainties

#### *Judgments and Claims*

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased commercial insurance for all risk above minimal deductible amounts except for workers' compensation and environmental hazards. Settled claims have not exceeded the commercial coverage, or the amounts provided for in long-term liabilities by any material amounts during 2019. There was no reduction in insurance coverage during 2019. An estimate of this liability is recorded at December 31, 2019, for outstanding claims or for any potential claims incurred but not reported as of that date in the long-term liabilities.

#### *Self-Insurance*

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

#### *Union Contracts*

Police department and general Town employees are each represented by a collective bargaining agent. Those agents which represent them and the dates of expiration of their agreements are as follows:

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

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2019

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

GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 91, *Conduit Debt Obligation*. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting for additional conduit debt obligations; and improves note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

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

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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Real property taxes	\$ 3,254,911	\$ 3,254,911	\$ 3,254,911	\$ -
Real property tax items	123,750	123,750	123,872	122
Non-property tax items	12,628,025	12,831,100	13,315,220	484,120
Departmental Income	1,593,910	1,946,492	1,905,933	(40,559)
Intergovernmental charges	80,000	80,000	80,000	-
Use of money and property	92,300	132,186	241,194	109,008
Licenses and permits	44,960	54,410	44,965	(9,445)
Fines and forfeitures	425,000	425,000	365,363	(59,637)
Sales of property and compensation for loss	177,700	130,809	155,578	24,769
Miscellaneous local sources	5,000	151,282	205,777	54,495
State aid	1,134,538	1,083,878	1,450,429	366,551
Federal aid	47,084	47,084	74,935	27,851
Total revenues	<u>19,607,178</u>	<u>20,260,902</u>	<u>21,218,177</u>	<u>957,275</u>
<b>EXPENDITURES</b>				
General government support	4,104,622	4,330,621	4,056,224	274,397
Public safety	6,525,245	6,673,770	6,569,322	104,448
Transportation	650,737	712,550	701,423	11,127
Economic opportunity and development	516,527	517,864	498,565	19,299
Culture and recreation	1,494,950	1,584,238	1,395,333	188,905
Home and community services	1,401,511	1,783,742	1,569,627	214,115
Employee benefits	4,953,737	5,017,728	4,943,327	74,401
Debt service				
Principal	226,577	226,577	226,577	-
Interest	193,272	193,272	193,271	1
Total expenditures	<u>20,067,178</u>	<u>21,040,362</u>	<u>20,153,669</u>	<u>886,693</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b><u>(460,000)</u></b>	<b><u>(779,460)</u></b>	<b><u>1,064,508</u></b>	<b><u>1,843,968</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	460,000	460,000	447,170	(12,830)
Operating transfers out	-	(1,215,153)	(1,071,209)	143,944
Total other financing sources (uses)	<u>460,000</u>	<u>(755,153)</u>	<u>(624,039)</u>	<u>131,114</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b><u>\$ -</u></b>	<b><u>\$ (1,534,613)</u></b>	<b><u>\$ 440,469</u></b>	<b><u>\$ 1,975,082</u></b>
<b>FUND BALANCE, beginning of year</b>			<u>7,950,490</u>	
<b>FUND BALANCE, end of year</b>			<b><u>\$ 8,390,959</u></b>	

# Town of Bethlehem, New York

## Required Supplementary Information Budgetary Comparison Schedule - Highway Fund Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Real property taxes	\$ 6,323,609	\$ 6,323,609	\$ 6,323,609	\$ -
Real property tax items	217,137	217,137	217,217	80
Intergovernmental charges	9,000	9,000	10,883	1,883
Use of money and property	30,000	30,000	144,737	114,737
Sales of property and compensation for loss	11,000	28,190	40,326	12,136
Miscellaneous local sources	15,000	15,000	19,121	4,121
State aid	388,717	388,717	616,147	227,430
Total revenues	6,994,463	7,011,653	7,372,040	360,387
<b>EXPENDITURES</b>				
Transportation	4,947,455	5,484,062	4,852,226	631,836
Employee benefits	1,822,212	1,822,212	1,655,211	167,001
Debt service				
Principal	145,767	145,767	145,767	-
Interest	79,029	79,029	78,988	41
Total expenditures	6,994,463	7,531,070	6,732,192	798,878
<b>Excess (deficiency) of revenues over expenditures</b>	-	(519,417)	639,848	1,159,265
<b>FUND BALANCE, beginning of year</b>			4,029,514	
<b>FUND BALANCE, end of year</b>			<b>\$ 4,669,362</b>	

# Town of Bethlehem, New York

## Required Supplementary Information Budgetary Comparison Schedule - Water Fund Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Real property taxes	\$ 2,006,415	\$ 2,006,415	\$ 2,006,413	\$ (2)
Departmental Income	7,923,995	7,923,995	7,329,817	(594,178)
Use of money and property	250,000	301,995	404,255	102,260
Sales of property and compensation for loss	11,000	27,642	29,870	2,228
Total revenues	10,191,410	10,260,047	9,770,355	(489,692)
<b>EXPENDITURES</b>				
Home and community services	7,597,376	7,746,884	6,310,150	1,436,734
Employee benefits	1,112,963	1,124,624	1,077,536	47,088
Debt service				-
Principal	934,961	934,961	934,961	-
Interest	281,110	287,245	281,108	6,137
Total expenditures	9,926,410	10,093,714	8,603,755	1,489,959
<b>Excess of revenues over expenditures</b>	<b>265,000</b>	<b>166,333</b>	<b>1,166,600</b>	<b>1,000,267</b>
<b>OTHER FINANCING USES</b>				
Operating transfers out	(265,000)	(928,573)	(928,574)	(1)
<b>Excess (deficiency) of revenues over expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ (762,240)</b>	<b>238,026</b>	<b>\$ 1,000,266</b>
<b>FUND BALANCE, beginning of year</b>			<b>3,864,746</b>	
<b>FUND BALANCE, end of year</b>			<b>\$ 4,102,772</b>	

# Town of Bethlehem, New York

## Required Supplementary Information Budgetary Comparison Schedule - Sewer Fund Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Real property taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ -
Departmental Income	3,224,100	3,224,100	3,178,550	(45,550)
Use of money and property	30,000	36,135	93,498	57,363
Sales of property and compensation for loss	4,000	4,000	10,250	6,250
Total revenues	4,558,100	4,564,235	4,582,298	18,063
<b>EXPENDITURES</b>				
Home and community services	3,155,062	3,343,164	2,595,852	747,312
Employee benefits	656,738	672,809	646,833	25,976
Debt service				
Principal	327,695	327,695	327,695	-
Interest	223,605	229,740	229,739	1
Total expenditures	4,363,100	4,573,408	3,800,119	773,289
<b>Excess (deficiency) of revenues over expenditures</b>	<b>195,000</b>	<b>(9,173)</b>	<b>782,179</b>	<b>791,352</b>
<b>OTHER FINANCING USES</b>				
Operating transfers out	(195,000)	(538,542)	(498,689)	39,853
<b>Excess (deficiency) of revenues over expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ (547,715)</b>	<b>283,490</b>	<b>\$ 831,205</b>
<b>FUND BALANCE, beginning of year</b>			<b>3,812,769</b>	
<b>FUND BALANCE, end of year</b>			<b>\$ 4,096,259</b>	

# Town of Bethlehem, New York

## Notes to Budgetary Basis Reporting December 31, 2019

The Town employs the following budgetary procedures:

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

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

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

## Town of Bethlehem, New York

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

	December 31,		
	2019	2018	2017
<b>ERS</b>			
Town's proportion of the net pension liability	0.04239260%	0.04286360%	0.04359270%
Town's proportionate share of the net pension liability	\$ 3,003,645	\$ 1,383,398	\$ 4,096,063
Town's covered-employee payroll	\$ 11,849,512	\$ 11,277,347	\$ 11,005,858
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	25.35%	12.27%	37.22%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%
<b>PFRS</b>			
Town's proportion of the net pension liability	0.10334340%	0.10544070%	0.10243820%
Town's proportionate share of the net pension liability	\$ 1,733,134	\$ 1,065,749	\$ 2,123,188
Town's covered-employee payroll	\$ 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	43.74%	26.72%	54.11%
Plan fiduciary net position as a percentage of the total pension liability	95.09%	96.93%	93.46%

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

# Town of Bethlehem, New York

## Schedule of Employer Contributions

	December 31,		
	2019	2018	2017
<b>ERS</b>			
Contractually required contribution	\$ 1,697,454	\$ 1,648,913	\$ 1,646,734
Contributions in relation to the contractually required contribution	\$ 1,697,454	\$ 1,648,913	\$ 1,646,734
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 11,849,512	\$ 11,277,347	\$ 11,005,858
Contributions as a percentage of covered-employee payroll	14.33%	14.62%	14.96%
<b>PFRS</b>			
Contractually required contribution	\$ 963,092	\$ 968,271	\$ 959,534
Contributions in relation to the contractually required contribution	\$ 963,092	\$ 968,271	\$ 959,534
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 3,962,698	\$ 3,989,317	\$ 3,923,577
Contributions as a percentage of covered-employee payroll	24.30%	24.27%	24.46%

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

# Town of Bethlehem, New York

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

		December 31, 2019		
		Special Grant	Miscellaneous	Total
<b>ASSETS</b>				
Cash		\$ 35,866	\$ 943,752	\$ 979,618
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable		\$ 30,526	\$ 187	\$ 30,713
<b>FUND BALANCES</b>				
Restricted		5,340	943,565	948,905
		<b>\$ 35,866</b>	<b>\$ 943,752</b>	<b>\$ 979,618</b>

# Town of Bethlehem, New York

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

	Year Ended December 31, 2019			
	Special Grant	Miscellaneous	Ambulance	Total
<b>REVENUES</b>				
Real property taxes	\$ -	\$ -	\$ 1,247,241	\$ 1,247,241
Departmental Income	-	106,850	-	106,850
Use of money and property	-	5,995	-	5,995
Federal aid	468,907	-	-	468,907
Total revenues	468,907	112,845	1,247,241	1,828,993
<b>EXPENDITURES</b>				
Health	-	-	1,247,241	1,247,241
Economic opportunity and development	463,567	-	-	463,567
Culture and recreation	-	688	-	688
Total expenditures	463,567	688	1,247,241	1,711,496
<b>Excess of revenues over expenditures</b>	<b>5,340</b>	<b>112,157</b>	<b>-</b>	<b>117,497</b>
<b>FUND BALANCES, beginning of year</b>	-	831,408	-	831,408
<b>FUND BALANCES, end of year</b>	<b>\$ 5,340</b>	<b>\$ 943,565</b>	<b>\$ -</b>	<b>\$ 948,905</b>