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April 21, 2014

To the Town Council  
Town of Bethlehem, New York

We have audited the financial statements of the governmental activities of the Town of Bethlehem, New York for the year ended December 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 1, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Bethlehem, New York are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the Town's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosures affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 21, 2014.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Other Matters*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

## **CURRENT YEAR RECOMMENDATIONS**

None.

## **PRIOR YEAR RECOMMENDATIONS**

### *Cash Receipts*

During our audit we noted during our sample testing that at times there was a time-lag between when the deposit was physically made and when the deposit was posted to the accounting software.

We recommend cash receipts be posted to the general ledger in a more timely manner.

**Status: Resolved.**

### *Cash Disbursements*

During our audit we noted 3 instances (out of the 60 samples we tested) which lacked a purchase order, approval initials or an audited stamp. We also noted 13 instances (out of the same sample) which lacked approval initials or an audited stamp on the 'Field Purchase Orders' (some of these items were over \$500).

We recommend that all invoices, purchase orders, field purchase orders and any other document substantiating the payment have some indication of approval for payment.

**Status: Resolved.**

### *Credit Cards*

During our audit we noted on the credit card statements (with attached receipts) that, although reviewed, there was no indication of the statements being reviewed (i.e. initials and date). We also noted, during our walk-through of a randomly selected statement, one instance of a receipt lacking and two instances where there was sales tax charged.

We recommend having the Deputy Comptroller initial and review the credit card statements which would indicate these statements and their support documentation have been reviewed and approved for payment.

**Status: Resolved.**

### *Payroll*

During our audit we noted 3 instances (out of the 60 sampled) in which the time sheet or time card lacked supervisor signature. We also noted the payroll register lacking approval/reviewer signatures from the Director of HR and Deputy Comptroller (2 instances) and from the Town Supervisor (3 instances).

We recommend implementing procedures to resolve the issues noted above.

**Status: Resolved.**

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This information is intended solely for the use of the Town Council and management of the Town of Bethlehem, New York and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

**CUSACK & COMPANY CPA'S, LLC**