

# TOWN OF BETHLEHEM

Albany County - New York

## INDUSTRIAL DEVELOPMENT AGENCY

445 DELAWARE AVENUE  
DELMAR, NEW YORK 12054  
Telephone: (518) 439-4955  
www.bethlehemida.com

**Victoria Storrs**  
*Chair*

**Vacant**  
*Vice Chair/ Assistant Secretary*

**Tim Maniccia**  
*Secretary*

**Richard Kotlow**  
*Treasurer*

**David Kidera**  
*Member*

**Jared Finke**  
*Member*

**Christopher Bub**  
*Member*

**Catherine M. Hedgeman, Esq.**  
*Executive Director,  
Assistant Secretary and  
Agency Counsel  
518-439-4955*

**Allen F. Maikels**  
*Chief Financial Officer and  
Contracting Officer  
518-487-4679*

**John Taylor**  
*Senior Economic Developer  
Ext. 1189*

**Robin Nagengast**  
*Assistant Executive Director  
Ext. 1164*

**Audit Committee**  
**Tuesday – February 10, 2022**  
**8:00 a.m., Remote Meeting**

### NOTICE

#### Meetings to be held electronically

Due to the Novel Coronavirus (COVID-19) and the Delta variant, the Bethlehem IDA will meet remotely via video conference, pursuant to Chapter 1 of the Laws of 2022 signed by Governor Kathy Hochul on 1/14/22 that extended virtual public meetings.

Members of the public may view and listen to the live meetings by visiting <http://www.bethlehemida.com/> and clicking on the Zoom link to join.

1. Approval of Minutes of January 11, 2022
2. Documentation of the Administrative Services Agreement (Dick Kotlow)
3. Draft Audited Financial Statements 12/31/21 & Draft SAS 114 Letter (John Criscone)
4. Management Discussion and Analysis (Maikels)
  - a. Review Draft and Finalize
5. Internal Control Structure and Procedures (Maikels)
  - a. Review documentation of 2021 procedures
  - b. Resolution/Assessment of the Effectiveness of Internal Control Structure and Procedures as of 12/31/21
  - c. Discuss effectiveness for 2022
6. Review PARIS Report 12/31/21 (Maikels)
7. Discuss Process for Tracking Closings, Fees and Sales Tax Exemptions for 2021 (Maikels)
8. Adjournment

**Victoria Storrs**  
*Chair*  
**Vacant**  
*Vice Chair/Assistant Secretary*  
**Tim Maniccia**  
*Secretary*  
**Richard Kotlow**  
*Treasurer*  
**David Kidera**  
*Member*  
**Jared Finke**  
*Member*  
**Christopher Bub**  
*Member*

**TOWN OF BETHLEHEM**  
*Albany County - New York*  
**INDUSTRIAL DEVELOPMENT AGENCY**

445 DELAWARE AVENUE  
 DELMAR, NEW YORK 12054  
 Telephone: (518) 439-4955  
 Email: [info@bethlehemida.com](mailto:info@bethlehemida.com)  
[www.bethlehemida.com](http://www.bethlehemida.com)

**Catherine M. Hedgeman, Esq.**  
*Executive Director, Assistant Secretary and Agency Counsel*  
 518-439-4955  
**Allen F. Maikels**  
*Treasurer, Chief Financial Officer and Contracting Officer*  
 518-487-4679  
**John Taylor**  
*Senior Economic Developer*  
 Ext. 1189  
**Robin Nagengast**  
*Assistant Executive Director*  
 Ext. 1164

**Meeting Minutes**  
**Tuesday, January 11, 2022**  
**8:00 AM, Remote**

A meeting of the Town of Bethlehem Industrial Development Agency Audit Committee was convened remotely at 8:00 a.m. on Tuesday, January 11, 2022.

Attendance was recorded as follows:

<u>Committee Members Present</u>	<u>Committee Members Absent</u>	<u>Others Present</u>	<u>Town Staff Present</u>	<u>Auditors Present</u>
David Kidera Jared Finke Chris Bub		Victoria Storrs Richard Kotlow	Kate Hedgeman Al Maikels Robin Nagengast	Ken Claflin John Criscone

David Kidera called the meeting to order at 8:01am noting the presence of a quorum. The first order of business was to appoint Mr. Kidera as Chair for the meeting and to introduce new members and roles.

Since Mr. Kotlow was the only attendee, he verified the minutes under consideration accurately reflect the Committee's March 12, 2021 meeting.

Upon a motion by Mr. Bub, seconded by Mr. Finke, the minutes of the March 12, 2021 Audit Committee meeting were approved by all members present.

John Criscone from Cusack & Company, CPAs, P.C. went over the engagement letter that outlines the audit scope and objective, responsibilities, fee, and reporting requirements.

After the financials as of 12/31/21 as prepared by CFO Allen Maikels are confirmed, the draft financial statements are presented to the Audit Committee. The Audit Committee presents the draft financial statements to the full board.

Ken Claflin from Cusack & Company, CPAs, P.C. advised his role is to review the audit, provide advice, and be a second contact in Mr. Criscone's absence.

There was a discussion of the Management's Discussion and Analysis and what would qualify as a subsequent event requiring a footnote. It was noted that the COVID-19 Small Business State Disaster Emergency Grant Fund sunset December 31, 2021.

The next audit committee meeting is scheduled for Thursday, February 10, 2022 at 8:00am.

The Executive Session with Auditor was tabled as not necessary until the next meeting of the Committee.

Upon motion by Mr. Bub, seconded by Mr. Finke, the Audit Committee adjourned at 8:37am.

Respectfully submitted,  
Robin Nagengast

***TOWN OF BETHLEHEM  
INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF THE TOWN OF BETHLEHEM***

***FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION***

***DECEMBER 31, 2021 AND 2020***

**TOWN OF BETHLEHEM**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE TOWN OF BETHLEHEM**  
*TABLE OF CONTENTS*  
*DECEMBER 31, 2021 AND 2020*

---

	<u>Page</u>
Management’s Discussion and Analysis	1-2
Independent Auditor’s Report	3-5
<b>Basic Financial Statements</b>	
Statements of Net Position	6
Statements of Revenues, Expenses and Changes in Net Position	7
Statements of Cash Flows	8
Notes to Financial Statements	9-12
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual	13
<b>Other Supplemental Information</b>	
Schedule of Conduit Indebtedness	14
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15-16
<b>Appendix I</b>	
Annual Financial Report for Industrial Development Agencies (PARIS)	

**TOWN OF BETHLEHEM**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE TOWN OF BETHLEHEM**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020

---

The following discussion and analysis of the Town of Bethlehem Industrial Development Agency's (the "Agency") financial performance provides an overview of the Agency's financial activities for the years ended December 31, 2021 and 2020. This document should be read in conjunction with the Agency's financial statements.

**Financial Highlights**

As reported in the project analysis section of the December 31, 2021 Annual Report of the Town of Bethlehem (the Town), total PILOT payments received by the Town were approximately \$4.7 million (\$4.5 million in 2020) which exceeded the tax exemptions granted by approximately \$.8 million and \$1.0 million for the years 2021 and 2020, respectively.

The Agency is also eligible to receive supplemental fees from PSEG Power New York, Inc., assuming certain energy production levels are exceeded. Agency operating revenues of \$146,840 and \$67,944 include \$129,597 and \$46,201 in energy reimbursement fees from PSEG Power New York, Inc. for the years ended December 31, 2021 and 2020, respectively. The PSEG reimbursements are subject to fluctuation due to market factors and will terminate in 2023.

**Summary of Conduit Bonds**

The following table presents a summary of outstanding conduit bond issuances, which are more fully described within the footnotes to the financial statements:

<b><u>Project</u></b>	<b><u>Balance</u></b> <b><u>12/31/20</u></b>	<b><u>Issued In</u></b> <b><u>2021</u></b>	<b><u>Paid in</u></b> <b><u>2021</u></b>	<b><u>Balance</u></b> <b><u>12/31/21</u></b>
American Housing Foundation	\$ 4,885,000	\$ -	\$ 205,000	\$ 4,680,000
Vista Development Group, LLC	<u>5,275,627</u>	<u>-</u>	<u>212,771</u>	<u>5,062,856</u>
Total	<u>\$ 10,160,627</u>	<u>\$ -</u>	<u>\$ 417,771</u>	<u>\$ 9,742,856</u>

**Service Agreement**

The Agency entered into a Service Agreement with the Town, in recognition of the services provided by Town staff (primarily from the Town's Department of Economic Development and Planning) in furtherance of the mutual goals of the Town and the Agency.

The Agency agreed to pay the Town \$50,000 annually for services in 2021 and 2020.

**TOWN OF BETHLEHEM**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE TOWN OF BETHLEHEM**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)*  
*DECEMBER 31, 2021 AND 2020*

---

### Interest Income

Interest earnings for 2021 amounted to \$77, which was \$2,751 less than the 2020 earnings of \$2,828.

### COVID-19 Grant Program

In 2020 the Agency authorized an appropriation of \$25,000 to provide eligible entities up to \$500 for COVID-19 relief. This appropriation expired December 31, 2021. For those entities which qualify, the grant would provide reimbursement for specific expenditures incurred due to the pandemic. Through December 31, 2021 grants totaling \$7,029 have been awarded.

### Change in Net Position

The Agency's net position as of December 31, 2021 and 2020 increased or decreased as follows:

	<u>2021</u>	<u>2020</u>
Net Position as of Beginning of Year	\$ 428,835	\$ 465,850
Revenue	146,917	70,772
Expenses	<u>(131,596)</u>	<u>(107,787)</u>
Net Position as of End of Year	<u>\$ 444,156</u>	<u>\$ 428,835</u>

### Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's finances for those having an interest, and should be considered along with the Annual Financial Statements, including the related footnotes. Questions concerning any of the information provided in this report may be addressed to Allen Maikels, CPA, Chief Financial Officer, or Victoria Storrs, Agency Chairman, at 445 Delaware Avenue, Delmar, NY 12054.

**CUSACK & COMPANY**  
**Certified Public Accountants LLC**  
7 AIRPORT PARK BOULEVARD  
LATHAM, NEW YORK 12110  
(518) 786-3550  
FAX (518) 786-1538  
E-MAIL ADDRESS: CPAS@CUSACK.CPA  
WWW.CUSACK.CPA

MEMBERS OF:  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Town of Bethlehem Industrial Development Agency  
A Component Unit of the Town of Bethlehem  
Bethlehem, New York

***Opinion***

We have audited the accompanying financial statements of the Town of Bethlehem Industrial Development Agency - A Component Unit of the Town of Bethlehem (the "Agency") which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any known information that may raise substantial doubt shortly thereafter.



## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and access the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion, on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-2 and 13 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 consist 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 sufficient evidence to express an opinion or provide any assurance.

*Other Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the Agency's basic financial statements. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary information on page 14 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We have applied certain limited procedures to the other supplemental 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 sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Bethlehem Industrial Development Agency's basic financial statements. The Annual Financial Report for Industrial Development Agencies (PARIS) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Annual Financial Report for Industrial Development Agencies (PARIS) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February \_\_, 2022 on our consideration of the Agency'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 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 Agency's internal control over financial reporting and compliance.



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

Latham, New York  
February \_\_, 2022

**TOWN OF BETHLEHEM**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE TOWN OF BETHLEHEM**

STATEMENTS OF NET POSITION  
DECEMBER 31, 2021 AND 2020

---

	<u>2021</u>	<u>2020</u>
<b><u>Assets</u></b>		
Current Assets:		
Cash	\$ 424,865	\$ 421,184
Accounts Receivable, Net	<u>19,291</u>	<u>8,741</u>
Total Assets	<u>\$ 444,156</u>	<u>\$ 429,925</u>
<b><u>Liabilities and Net Position</u></b>		
Current Liabilities:		
Accrued Liabilities	<u>\$ 4,608</u>	<u>\$ 1,090</u>
Net Position:		
Unrestricted	439,548	410,364
Committed	<u>-</u>	<u>18,471</u>
Total Net Position	<u>439,548</u>	<u>428,835</u>
Total Liabilities and Net Position	<u>\$ 444,156</u>	<u>\$ 429,925</u>

**TOWN OF BETHLEHEM**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE TOWN OF BETHLEHEM**  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Administrative Fees	\$ 17,243	\$ 21,743
Supplemental Fees	<u>129,597</u>	<u>46,201</u>
Total Operating Revenue	146,840	67,944
Operating Expenses:		
Contractual Expenses	<u>135,704</u>	<u>101,258</u>
Operating Income (Loss)	11,136	(33,314)
Other Revenues (Expenses):		
Interest Income	77	2,828
COVID-19 Grant Program	<u>(500)</u>	<u>(6,529)</u>
Total Other Revenues (Expenses)	<u>(423)</u>	<u>(3,701)</u>
Change in Net Position	10,713	(37,015)
Net Position, Beginning of Year	<u>428,835</u>	<u>465,850</u>
Net Position, End of Year	<u>\$ 439,548</u>	<u>\$ 428,835</u>

**TOWN OF BETHLEHEM**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE TOWN OF BETHLEHEM**  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Cash Received from Providing Services	\$ 136,289	\$ 69,053
Cash Payments for Personal Services and Benefits	(62,348)	(29,713)
Cash Payments for Contractual Expenses	<u>(69,837)</u>	<u>(70,455)</u>
Net Cash Provided by (Used in) Operating Activities	<u>4,104</u>	<u>(31,115)</u>
Cash Flows from Investing Activities:		
Interest Income	77	2,828
COVID-19 Grant Program	<u>(500)</u>	<u>(6,529)</u>
Net Cash Used in Investing Activities	<u>(423)</u>	<u>(3,701)</u>
Net Increase (Decrease) in Cash	3,681	(34,816)
Cash, Beginning of Year	<u>421,184</u>	<u>456,000</u>
Cash, End of Year	<u>\$ 424,865</u>	<u>\$ 421,184</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating Income (Loss)	<u>\$ 11,136</u>	<u>\$ (33,314)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operations:		
(Increase) Decrease in Accounts Receivable	(10,550)	1,109
Increase in Accrued Liabilities	<u>3,518</u>	<u>1,090</u>
Total Adjustments	<u>(7,032)</u>	<u>2,199</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 4,104</u>	<u>\$ (31,115)</u>

**TOWN OF BETHLEHEM**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE TOWN OF BETHLEHEM**  
*NOTES TO FINANCIAL STATEMENTS*  
*DECEMBER 31, 2021 AND 2020*

---

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

*Business Activity*

The Town of Bethlehem Industrial Development Agency - A Component Unit of the Town of Bethlehem (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 Agency, although established by the Town Board of the Town of Bethlehem, is a separate entity and operates independently of the Town of Bethlehem.

This summary of significant accounting policies of the Agency is presented to assist in understanding the Agency’s financial statements. The financial statements and notes are representations of the Agency’s management who are responsible for their integrity and objectivity. These accounting policies are in accordance with accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements.

*Basis of Accounting*

The Agency’s financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) for public authorities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Agency is determined by its measurement focus. The transactions of the Agency are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included in the statement of net position.

*Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TOWN OF BETHLEHEM**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE TOWN OF BETHLEHEM**  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2021 AND 2020*

---

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Cash*

For purposes of the statement of cash flows, cash consists of cash held in savings, checking, money market accounts and certificates of deposit.

*Receivables*

The Agency utilizes the allowance method to determine the allowance for doubtful accounts. At December 31, 2021 and 2020 management determined no allowance for doubtful accounts was necessary.

*Income Taxes*

The financial statements do not provide a tax liability for the Agency. The Agency is exempt from federal, state, and local taxes.

*Industrial Revenue Bond and Note Transactions*

Certain industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and are retired by lease payments. The bonds and notes are not obligations of the Agency, Town of Bethlehem, or New York State. The Agency does not record the assets or liabilities resulting from completed bond and note issuances in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives an administrative fee from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds, notes, and upon closing of straight lease transactions. At December 31, 2021, the outstanding balance of bonds was \$9,742,856.

*Supplemental Fees*

In addition to the administrative fees received upon closing, the Agency is also eligible to receive supplemental fees from PSEG Power New York, Inc., assuming certain energy production levels are exceeded. The calculations are made quarterly, commencing August 2005, which was the month following the date commercial operations began (July 18, 2005). Operating revenues include \$129,597 and \$46,201 in Energy Reimbursement Payments for the years ended December 31, 2021 and 2020, respectively. Accounts receivable include \$19,291 and \$8,741 due from PSEG as of December 31, 2021 and 2020, respectively. This agreement will terminate in 2023.

**TOWN OF BETHLEHEM**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE TOWN OF BETHLEHEM**  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2021 AND 2020*

---

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Net Position*

In 2020, the Agency updated its policy setting a minimum level for net position. The policy is designed to provide an appropriate level of assets to cover the Agency's operating costs, given the sometimes multiple year cycle between project transactions. The policy defines a minimum reasonable balance at two times the annual base expense budget, currently approximately \$300,000. If the net position is projected to fall below this threshold, the Agency must adopt a plan to restore the minimum net position within a twelve-month period.

**2. FRINGE BENEFITS**

Fringe benefits, which are paid to the Town of Bethlehem (the Town) in the form of a reimbursement (as the Agency's employees are technically employees of the Town), include pension contributions of \$12,690 and \$6,518 for the years ended December 31, 2021 and 2020, respectively, to the New York State and Local Employees' Retirement System (the System) for the benefit of the Agency's employees. The System provides various plans and options, some of which require employee contributions. The System is a cost sharing multiple employer, public employee retirement system. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death, and disability. All benefits generally vest after ten years of service. The New York State Retirement and Social Security Law provides that all participants in the System are jointly and severally liable for any actuarial unfunded amounts. Such amounts are covered through annual billings to all participating employers.

Generally, all employees except certain part-time employees participate in the System. The System is non contributory except for employees who joined the System after July 27, 1975, who must contribute 3% of their salary for the first ten years of service and employees who joined after January 1, 2010 who generally contribute 3% of their salary for the entire length of service. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Governor Alfred E. Smith Office Building, Albany, New York 12204.

**3. SERVICE AGREEMENT**

The Agency entered into Service Agreements with the Town of Bethlehem (the Town), in recognition of the services provided by Town staff (primarily from the Department of Economic Development and Planning), in furtherance of the mutual goals held by the Town and the Agency. The Agency paid the Town \$50,000 annually for services in 2021 and 2020 and this amount is included in contractual expenses.



**TOWN OF BETHLEHEM**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE TOWN OF BETHLEHEM**  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2021 AND 2020*

---

**4. COMMITMENTS**

During 2020 the Agency authorized an appropriation of \$25,000 to provide eligible entities up to \$500 for COVID-19 relief. This appropriation expired December 31, 2021. For those entities which qualify, the grant would provide reimbursement for specific expenditures incurred due to the pandemic. Through December 31, 2020, grants totaling \$6,529 have been awarded.

**5. SUBSEQUENT EVENTS**

Management has evaluated subsequent events or transactions for any potential material impact on operations for the year ended December 31, 2021 or financial position as of December 31, 2021 occurring through February \_\_, 2022, the date the financial statements were available to be issued. There were no such events identified.

**6. UNCERTAINTY**

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Agency and its future financial position and results of operations is not presently determinable.

**TOWN OF BETHLEHEM**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE TOWN OF BETHLEHEM**

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Revised Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>Revenues:</b>			
Fees	\$ 90,744	\$ 146,840	\$ 56,096
Interest Income	<u>1,200</u>	<u>77</u>	<u>(1,123)</u>
Total Revenues	<u>91,944</u>	<u>146,917</u>	<u>54,973</u>
<b>Expenses:</b>			
Salaries *	48,568	50,436	(1,868)
Other Employee Benefits *	8,115	15,430	(7,315)
Professional Services Contracts	75,100	69,838	5,262
COVID-19 Grant Program	<u>19,500</u>	<u>500</u>	<u>19,000</u>
Total Expenses	<u>151,283</u>	<u>136,204</u>	<u>15,079</u>
Net Income (Loss)	<u>\$ (59,339)</u>	<u>\$ 10,713</u>	<u>\$ 70,052</u>

\* The Agency contracts with the Town of Bethlehem for its salaries and benefits.

**TOWN OF BETHLEHEM**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE TOWN OF BETHLEHEM**  
 OTHER SUPPLEMENTAL INFORMATION  
 SCHEDULE OF CONDUIT INDEBTEDNESS  
 DECEMBER 31, 2021

---

<u>Project</u>	<u>Issuance Date</u>	<u>Outstanding Beginning of Year</u>	<u>Issued During Year</u>	<u>Paid During Year</u>	<u>Outstanding End of Year</u>	<u>Final Maturity Date</u>
American Housing Foundation	6/1/06	\$ 4,885,000	-	\$ 205,000	\$ 4,680,000	2036
Vista Development Group, LLC	12/15/11	<u>5,275,627</u>	<u>-</u>	<u>212,771</u>	<u>5,062,856</u>	2037
Total		<u>\$ 10,160,627</u>	<u>\$ -</u>	<u>\$ 417,771</u>	<u>\$ 9,742,856</u>	

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Town of Bethlehem Industrial Development Agency  
A Component Unit of the Town of Bethlehem  
Bethlehem, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Bethlehem Industrial Development Agency - A Component Unit of the Town of Bethlehem (the “Agency”), as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated February \_\_\_, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

Latham, New York  
February \_\_\_\_, 2022

## APPENDIX I

CUSACK & COMPANY  
Certified Public Accountants LLC  
7 AIRPORT PARK BOULEVARD  
LATHAM, NEW YORK 12110  
(518) 786-3550  
FAX (518) 786-1538  
E-MAIL ADDRESS: CPAS@CUSACK.CPA  
WWW.CUSACK.CPA

MEMBERS OF:  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

February \_\_, 2022

Board of Directors  
Town of Bethlehem Industrial Development Agency  
A Component of the Town of Bethlehem  
Bethlehem, New York

We have audited the financial statements of the governmental activities of the Town of Bethlehem Industrial Development Agency - A Component Unit of the Town of Bethlehem (the "Agency") for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* 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 December 1, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency 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 the year. 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 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 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. The following material misstatements detected as a result of audit procedures were corrected by management (see Schedule 1 attached).

### *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 \_\_\_\_\_, 2022.

### *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

We applied certain limited procedures to the Schedule of Revenues, Expenses and Changes in Net Position - Budget to Actual, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.



We were not engaged to report on the Schedule of Conduit Indebtedness, which accompany the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of the Board of Directors and management of the Agency 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**

**Town of Bethlehem Industrial Development Agency**

**Adjusting Journal Entries**

January 1, 2021 - December 31, 2021

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
<b>Adjusting Journal Entries</b>							
12/31/21	AJE01		Record payroll accrual				(4,608.46)
		6460.1	Salaries and Wages		1,868.00		
		6460.8	Employee Benefits		2,740.46		
		601	Accrued Expenses			4,608.46	
<b>Totals for Adjusting Journal Entries</b>					<u>4,608.46</u>	<u>4,608.46</u>	<u>(4,608.46)</u>
<b>Report Totals</b>					<u>4,608.46</u>	<u>4,608.46</u>	<u>(4,608.46)</u>

Journal Entry count = 1

TOWN OF BETHLEHEM IDA  
INTERNAL CONTROL PROCEDURES for 2021  
revised 3/12/2021

**Staff**

Frank S. Venezia, Chair

Thomas P. Connolly, Executive Director (“ED”)

Allen F. Maikels, CPA, Chief Financial Officer (“CFO”)

Robin Nagengast, Assistant to the Executive Director (“Assistant”)

**Cash Receipts**

No cash is ever received at the IDA.

Checks for deposit are sent to the office of the CFO. Checks may also be sent to the Town of Bethlehem. When checks are sent to the CFO, he immediately stamps/endorsees the backs of the checks, makes copies of the checks, completes the deposit slip, and makes the trip to the bank (deposit is made within one day of receipt). The deposit slip package is filed by date in a folder at CFO's office. The bank statement and reconciliation process noted below helps mitigate any control risk.

Checks received at the Town of Bethlehem go to the Assistant who stamps/endorsees the backs of the checks and mails them to the office of CFO.

Funds are often wired at project closings, as applicable. These wires are confirmed by the CFO with the Executive Director.

All receipts are entered into QuickBooks by the CFO. The accounts receivable function is utilized on the software (mostly for recurring billings).

**Cash Disbursements**

Signing authority rests with the Chairman, the CFO and the Executive Director.

Invoices generally are received by the Town Hall where Assistant accumulates them as they arrive. The CFO receives the invoices when attending the IDA monthly meetings at the Town Hall or the invoices are forwarded to CFO by the Assistant. An invoice is approved for payment when either a) the bill is listed in the budget or b) if not included in the budget, by approval by the members at a meeting by motion.

The CFO takes them back to his office and enters the accounts payable into QuickBooks and pays the bills upon receipt. Checkbook is kept in CFO's office (locked). Manual checks are used (i.e. not printed off of QuickBooks). The CFO generally signs the checks and mails the checks to vendors from his office.

**Bank Statements and Reconciliations**

Bank statements are mailed to the CFO. The CFO scans the statements and the front and backs of checks and sends the statements and checks electronically to the ED and the Assistant. The ED reviews the statements for unusual activity and reviews the paid checks for payees, amounts, signature and endorsements. Any unusual items are brought to the Board's attention. The CFO reconciles the bank statements and files the original statements at the CFO's office. The Assistant files electronic copies of statements and checks at Town Hall.

**Payroll**

The ED is the only employee and is paid thru the Town. The Town invoices the IDA for his salary and benefits and the IDA pays the Town in accordance with its cash disbursement internal control process as described above.

**Credit Cards**

The IDA has one credit card maintained by the CFO. Only one recurring entry occurs on this card each month for an online charge from Constant Contact (a vendor). The credit card bill is electronically sent to the CFO. The CFO scans the bill and sends it electronically to the ED and the Assistant. The ED reviews the bill for unusual activity. The CFO pays the bill on receipt, and the Assistant files the approved bill at Town Hall.

## **Assessment of the Effectiveness of Internal Control Structure and Procedures**

**12/31/21**

The management of the Agency is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of the Agency's internal control over financial reporting at December 31, 2021, and has concluded that based on its assessment, the Agency's internal control over financial reporting was effective as of December 31, 2021.

# **TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY AUDIT COMMITTEE CHARTER**

## **AUTHORITY and PURPOSE**

The Members of the Town of Bethlehem Industrial Development Agency ("Agency") established the Audit Committee (the "Committee") to assist the Members of the Agency in audit matters, including:

- Recommending to the Members the hiring of an independent accounting firm for the Agency.
- Establishing the compensation to be paid to the accounting firm and provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes.
- Fulfilling the responsibilities for oversight of the financial reporting process and the system of risk assessment and internal controls over financial reporting.

## **COMMITTEE MEMBERSHIP**

The Committee shall consist of at least three members and shall be appointed, and may be replaced, by the Agency. All members of the Committee shall meet the independence standards as specified in the Public Authority Accountability Act of 2005 ("PAAA") and, to the extent practicable, should be familiar with corporate financial and accounting practices.

## **MEETINGS**

The Committee shall meet as often as necessary to carry out its responsibilities. The Chairman of the Committee shall report on any Committee meetings held at the next regularly scheduled Agency meeting following the Committee meeting.

- The Audit Committee should meet at least twice annually; once with the independent auditor prior to the start of the audit and once at the conclusion of the audit,
- The Audit Committee must meet with the independent auditor at least once annually to discuss the financial statements of the Agency.
- Agendas for Audit Committee meetings should be prepared and distributed well in advance of each scheduled meeting, and minutes of each meeting should be prepared and distributed for review by the full Board during the Board's regularly scheduled meeting.

## **POWERS AND RESPONSIBILITIES**

The Committee shall have the power and responsibility to:

### Independent Auditors and Financial Statements

- Compensate and oversee the work of any independent public accounting firm employed by the Agency.
- Establish procedures for the engagement of the independent auditor to provide permitted audit services.
- Review and approve the report on the Agency's audited financial statements, associated management letter, report on internal control over financial reporting and on compliance and other matters and all other auditor communication.

- Review significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review and discuss any significant risks reported in the independent audit findings and recommendations and assess the responsiveness and timeliness of management's follow-up activities pertaining to the same.

### Internal Audits

The Audit Committee should be contacted by any interested party regarding any possible improprieties, weaknesses or issues with any of the Agency's operating policies, procedures or internal controls. Contact information for the chair of the Audit committee is available on the BIDA website.

If the Agency determines that an internal audit is appropriate, the Audit Committee has the following responsibilities relative to the internal audit:

- Determine the scope of the Internal Audit, review with management the Agency's policies, procedures, management practices, staffing and organizational structure.
- Ensure the independence of the internal audit.
- Review the results of internal audit and approve procedures for implementing accepted recommendations of the internal auditor.

### Special Investigations

- Conduct or authorize investigations into any matters within its scope of responsibility;
- Seek any information it requires from Agency employees, all of whom should be directed by the Members to cooperate with Committee requests;
- Meet with Agency staff, independent auditors or outside counsel, as necessary;
- Retain, at the Agency's expense, such outside counsel, experts and other advisors as the Audit Committee may deem appropriate.

## **REQUIREMENTS FOR INDEPENDENT PUBLIC ACCOUNTING FIRM**

Each independent public accounting firm that performs any audit for the Agency shall timely report to the Committee: (a) all critical accounting policies and practices to be used; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management officials of the Agency, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent public accounting firm; and (c) other material written communications between the independent public accounting firm and the management of the Agency, such as the management letter along with management's response or plan of corrective action, material corrections identified or schedule of unadjusted differences, where applicable.

The independent public accounting firm providing the Agency's annual independent audit will be prohibited in providing audit services to the Agency if the lead (or coordinating) audit partner (having primary responsibility for the audit), or the audit partner responsible for reviewing the audit, has performed audit services for the Agency in each of the five previous fiscal years of the Agency.

The independent public accounting firm performing the Agency's audit shall be prohibited from performing any non-audit services to the Agency contemporaneously with the audit, unless receiving previous written approval by the Committee including: (a) bookkeeping or other services related to the accounting records or financial statements of the Agency; (b) financial information systems design and implementation; (c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports; (d)

actuarial services; (e) internal audit outsourcing services; (f) management functions or human services; (g) broker or dealer, investment advisor, or investment banking services; and (h) legal services and expert services unrelated to the audit.

It shall be prohibited for any independent public accounting firm to perform for the Agency any audit service if the chief executive officer, comptroller, chief financial officer, chief accounting officer, or any other person serving in an equivalent position for the Agency, was employed by that independent public accounting firm and participated in any capacity in the audit of the Agency during the one year period preceding the date of the initiation of the audit.

The Agency may retain an independent audit firm for more than five years, but the firm must change the lead partner on the audit or the partner responsible for reviewing the audit at least once every five years.

### **ANNUAL REVIEW**

The Committee shall review this Charter annually and recommend any proposed changes to the Agency for approval.