

Victoria Storrs

Chair

David Kidera

Vice Chair/ Assistant Secretary

Richard Kotlow

Secretary/Treasurer

Victor Franco

Member

Edward W. De Barbieri

Member

Georgette Steffens

Member

Vacant

TOWN OF BETHLEHEM

Albany County - New York

INDUSTRIAL DEVELOPMENT AGENCY

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Chief Financial Officer and

Contracting Officer

518-487-4679

John Taylor

Senior Economic Developer

518-439-4995Ext.

Audit Committee

Meeting Agenda

Wednesday

February 15, 2023

9:00 AM

Town Hall Room 101

Livestream:

<https://us02web.zoom.us/j/85492228518?pwd=RW1Qb2sySVFpR05FdmVmSGhnM3JLQT09>

- I. Call to Order/Roll Call/Quorum Approval
- II. Approval of the minutes from the February 10, 2022 Audit Committee meeting
- III. New Business
 1. Review 2022 Audited Financial Statements
- III. Adjourn

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

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Albany County - New York
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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:

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

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 Criscione 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. Criscione'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
445 DELAWARE AVENUE
DELMAR, NY 12054***

Cusack & Company CPA's LLC
7 Airport Park Boulevard
Latham, NY 12110

This representation letter is provided in connection with your audit of the financial statements of the Town of Bethlehem Industrial Development Agency, which comprise the respective financial position of the governmental activities as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm to the best of our knowledge and belief the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 1, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include a properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. There were no passed journal entries or adjusting journal entries noted during the current year.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the IDA is contingently liable, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the IDA Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that effects the organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.

- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have a process to track the status of audit findings and recommendations, if applicable.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report, if applicable.
- 23) The IDA has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 27) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of those services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 30) The IDA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 31) The IDA has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 32) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 33) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- 34) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 36) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 37) Provisions for uncollectible receivables have been properly identified and recorded.
- 38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 39) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 40) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 41) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

- 42) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 43) The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach, if applicable.
- 44) We have appropriately disclosed the IDA's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 45) We are following GASB Statement No. 54 paragraph 18 to determine the fund balance classifications for financial reporting purposes.
- 46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 47) With respect to the supplementary information:
 - a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, if fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior periods, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Richard Kotlow, Treasurer

Date

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AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

_____, 2023

Board of Directors
Town of Bethlehem Industrial Development Agency
A Component of the Town of Bethlehem
Delmar, 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, 2022. 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, 2022. 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. There were no passed journal entries or adjusting journal entries noted during our audit.

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 _____, 2023.

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 Industrial Development Bonds, 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
A COMPONENT UNIT OF THE TOWN OF BETHLEHEM***

***FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION***

DECEMBER 31, 2022 AND 2021

TOWN OF BETHLEHEM
INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE TOWN OF BETHLEHEM
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DECEMBER 31, 2022 AND 2021

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TOWN OF BETHLEHEM
INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE TOWN OF BETHLEHEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021

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, 2022 and 2021. 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, 2022 Annual Report of the Town of Bethlehem (the Town), total PILOT payments received by the Town were approximately \$4.9 million (\$4.7 million in 2021) which exceeded the tax exemptions granted by approximately \$1.0 million and \$0.8 million for the years 2022 and 2021, 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 \$938,488 and \$146,840 include \$242,365 and \$129,597 in energy reimbursement fees from PSEG Power New York, Inc. for the years ended December 31, 2022 and 2021, respectively. The PSEG reimbursements are subject to fluctuation due to market factors and will terminate in 2023.

Summary of Industrial Development Bonds

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

<u>Project</u>	<u>Balance</u> <u>12/31/21</u>	<u>Issued In</u> <u>2022</u>	<u>Paid in</u> <u>2022</u>	<u>Balance</u> <u>12/31/22</u>
American Housing Foundation	\$ 4,680,000	\$ -	\$ 215,000	\$ 4,465,000
Vista Development Group, LLC	<u>5,062,856</u>	<u>-</u>	<u>224,642</u>	<u>4,838,214</u>
Total	<u>\$ 9,742,856</u>	<u>\$ -</u>	<u>\$ 439,642</u>	<u>\$ 9,303,214</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 remitted to the Town \$34,760 and \$50,000 as per the agreement in 2022 and 2021, respectively.

TOWN OF BETHLEHEM
INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE TOWN OF BETHLEHEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2022 AND 2021

Interest Income

Interest earnings for 2022 amounted to \$2,270, which was \$2,193 more than the 2021 earnings of \$77.

Change in Net Position

The Agency's net position as of December 31, 2022 and 2021 increased or decreased as follows:

	<u>2022</u>	<u>2021</u>
Net Position as of Beginning of Year	\$ 439,548	\$ 428,835
Revenue	940,758	146,917
Expenses	<u>(129,938)</u>	<u>(136,204)</u>
Net Position as of End of Year	<u><u>\$ 1,250,368</u></u>	<u><u>\$ 439,548</u></u>

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's finances 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.

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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, 2022 and 2021, 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, 2022 and 2021, 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 auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 _____, 2023 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
_____, 2023

TOWN OF BETHLEHEM
INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE TOWN OF BETHLEHEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021

	<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current Assets:			
Cash		\$ 1,212,084	\$ 424,865
Accounts Receivable, Net		<u>40,394</u>	<u>19,291</u>
Total Assets		<u><u>\$ 1,252,478</u></u>	<u><u>\$ 444,156</u></u>
 <u>Liabilities and Net Position</u>			
Current Liabilities:			
Accrued Liabilities		<u>\$ 2,110</u>	<u>\$ 4,608</u>
Net Position:			
Unrestricted		<u>1,250,368</u>	<u>439,548</u>
Total Net Position		<u><u>1,250,368</u></u>	<u><u>439,548</u></u>
Total Liabilities and Net Position		<u><u>\$ 1,252,478</u></u>	<u><u>\$ 444,156</u></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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Administrative Fees	\$ 696,123	\$ 17,243
Supplemental Fees	<u>242,365</u>	<u>129,597</u>
Total Operating Revenue	938,488	146,840
Operating Expenses:		
Contractual Expenses	<u>129,938</u>	<u>136,204</u>
Operating Income	808,550	10,636
Other Revenues (Expenses):		
Interest Income	<u>2,270</u>	<u>77</u>
Change in Net Position	810,820	10,713
Net Position, Beginning of Year	<u>439,548</u>	<u>428,835</u>
Net Position, End of Year	<u><u>\$ 1,250,368</u></u>	<u><u>\$ 439,548</u></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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Cash Received from Providing Services	\$ 917,385	\$ 136,289
Cash Payments for Personal Services and Benefits	(2,498)	(62,348)
Cash Payments for Contractual Expenses	<u>(129,938)</u>	<u>(70,337)</u>
Net Cash Provided by Operating Activities	<u>784,949</u>	<u>3,604</u>
Cash Flows from Investing Activities:		
Interest Income	<u>2,270</u>	<u>77</u>
Net Cash Provided by (Used in)		
Investing Activities	<u>2,270</u>	<u>77</u>
Net Increase in Cash	787,219	3,681
Cash, Beginning of Year	<u>424,865</u>	<u>421,184</u>
Cash, End of Year	<u>\$ 1,212,084</u>	<u>\$ 424,865</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	<u>\$ 808,550</u>	<u>\$ 10,636</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operations:		
(Increase) Decrease in Accounts Receivable	(21,103)	(10,550)
Increase (Decrease) in Accrued Liabilities	<u>(2,498)</u>	<u>3,518</u>
Total Adjustments	<u>(23,601)</u>	<u>(7,032)</u>
Net Cash Provided by Operating Activities	<u>\$ 784,949</u>	<u>\$ 3,604</u>

TOWN OF BETHLEHEM
INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE TOWN OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022 AND 2021

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, 2022 and 2021 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, 2022, the outstanding balance of bonds was \$9,303,214.

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 \$242,365 and \$129,597 in Energy Reimbursement Payments for the years ended December 31, 2022 and 2021, respectively. Accounts receivable include \$40,394 and \$19,291 due from PSEG as of December 31, 2022 and 2021, 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, 2022 AND 2021

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 \$0 and \$12,690 for the years ended December 31, 2022 and 2021, 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 remitted to the Town \$34,760 and \$50,000 as per the agreement in 2022 and 2021, respectively, 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, 2022 AND 2021

4. SUBSEQUENT EVENTS

Management has evaluated subsequent events or transactions for any potential material impact on operations for the year ended December 31, 2022 or financial position as of December 31, 2022 occurring through _____, 2023, the date the financial statements were available to be issued. There were no such events or transactions identified.

5. 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, 2022

	<u>Revised Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Fees	\$ 122,744	\$ 938,488	\$ 815,744
Interest Income	<u>300</u>	<u>2,270</u>	<u>1,970</u>
Total Revenues	<u>123,044</u>	<u>940,758</u>	<u>817,714</u>
Expenses:			
Professional Services Contracts	118,060	125,938	(7,878)
Business and Economic Development	<u>2,000</u>	<u>4,000</u>	<u>(2,000)</u>
Total Expenses	<u>120,060</u>	<u>129,938</u>	<u>(9,878)</u>
Net Income	<u>\$ 2,984</u>	<u>\$ 810,820</u>	<u>\$ 807,836</u>

TOWN OF BETHLEHEM
INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE TOWN OF BETHLEHEM
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF INDUSTRIAL DEVELOPMENT BONDS
DECEMBER 31, 2022

<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	\$ 4,680,000	-	\$ 215,000	\$ 4,465,000	2036
Vista Development Group, LLC	12/15/11	<u>5,062,856</u>	<u>-</u>	<u>224,642</u>	<u>4,838,214</u>	2037
Total		<u>\$ 9,742,856</u>	<u>\$ -</u>	<u>\$ 439,642</u>	<u>\$ 9,303,214</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, 2022, and the related notes to the financial statements, and have issued our report thereon dated _____, 2023.

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) as a basis for designing 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 financial statements. 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
_____, 2023

APPENDIX I