

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 11, 2024

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, based on existing statutes, regulations, rulings and court decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants described in "TAX MATTERS" herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not treated as a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of or the amount, accrual, or receipt of interest on the Notes. See "TAX MATTERS" herein.

The Notes will be designated "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

\$4,930,000

**TOWN OF BETHLEHEM
ALBANY COUNTY, NEW YORK**

GENERAL OBLIGATIONS

CUSIP BASE #: 087311

\$4,930,000 Bond Anticipation Notes, 2024

(referred to herein as the "Notes")

Dated: May 2, 2024

Due: May 2, 2025

The Notes are general obligations of the Town of Bethlehem, Albany County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "NATURE OF THE OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. **The Notes shall not be subject to redemption prior to maturity.**

At the option of the purchaser, the Notes will be issued in (i) registered form registered in the name of the successful bidder(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued registered in the name of the purchaser, a single note certificate will be issued for those Notes of an issue bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the Town.

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the Town to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Hodgson Russ LLP, Albany, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey, or as may be agreed upon, on or about May 2, 2024.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on April 18, 2024 until 11:00 A.M., Eastern Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the Town, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

April __, 2024

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES HEREIN DESCRIBED. THE TOWN WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX-C, MATERIAL EVENT NOTICES" HEREIN.



TOWN OFFICIALS

TOWN BOARD

DAVID VAN LUVEN

Town Supervisor

MAUREEN CUNNINGHAM

JOYCE BECKER

TOM SCHNURR

DAVID R. DECANCIO

* * * * *

ADMINISTRATION

MICHAEL E. COHEN, CPA

Town Comptroller

MARC DORSEY

Superintendent of Highways

KIM WHITSITT

Town Clerk

ALICIA RONEY

Tax Receiver

PAUL PENMAN, P.E.

Interim Commissioner of Public Works

JAMES POTTER, ESQ.

Town Attorney

MUNICIPAL ADVISOR



Fiscal Advisors & Marketing, Inc.
250 South Clinton Street, Suite 502
Syracuse, New York 13202
(315) 752-0051

BOND COUNSEL



677 Broadway, Suite 401
Albany, New York 12207

No person has been authorized by the Town of Bethlehem to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town of Bethlehem.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
TOWN OF BETHLEHEM
ALBANY COUNTY, NEW YORK

Relating To
\$4,930,000 Bond Anticipation Notes, 2024

This Official Statement, which includes the cover page and appendices, has been prepared by the Town of Bethlehem, Albany County, New York (the “Town”, “County”, and “State”, respectively), in connection with the sale by the Town of the principal amount of \$4,930,000 Bond Anticipation Notes, 2024 (referred to herein as the “Notes”).

The factors affecting the Town’s financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the Town tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

THE NOTES

Description of the Notes

The Notes are general obligations of the Town, and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon as required by the laws of the State of New York. All the taxable real property within the Town is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See “TAX LEVY LIMITATION LAW” herein.

Under Article VIII of the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and the State is specifically precluded from restricting the power of the Town to levy taxes on real property for the payment of such indebtedness.

The Notes are dated May 2, 2024 and mature, without option of prior redemption, on May 2, 2025. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) at the option of the purchaser(s), as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as the securities depository for the Notes. Under this option, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. See “BOOK-ENTRY-ONLY SYSTEM” herein; or (ii) registered in the name of the purchaser(s) with principal and interest payable in Federal Funds at the office of the Town Clerk, in Endwell, New York.

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Purposes of Issue

The Notes are issued pursuant to the Constitution and statutes of New York State, including among others, the Town Law and the Local Finance Law, and various bond resolutions, for the following purposes:

<u>Project Name</u>	<u>Authorized Amount</u>	<u>Amount Outstanding</u>	<u>2024 Principal Reduction</u>	<u>Amount of 2024 BAN</u>
Elm Avenue Water Tank	\$ 2,500,000	\$ 2,400,000	\$ 80,000	\$ 2,320,000
Sewer System Improvements:				
WWTP Blower Project	1,300,000	100,000	3,333	96,667
Pump Station Replacements	2,600,000	2,600,000	86,667	2,513,333
Elm Avenue Pool	<u>1,600,000</u>	<u>900,000</u>	<u>900,000</u>	<u>-</u>
TOTAL:	\$ 8,000,000	\$ 6,000,000	\$ 1,070,000	\$ 4,930,000

\$6,000,000 of obligations were issued in 2023 for the aforementioned projects. The proceeds of the Notes along with \$1,070,000 available funds to the Town will partially redeem and renew the obligations set to mature on May 3, 2024.

NATURE OF THE OBLIGATION

Each Note when duly issued and paid for will constitute a contract between the Town and the holder thereof.

Holders of any series of notes or bonds of the Town may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Notes will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the Town has power and statutory authorization to levy ad valorem taxes on all real property within the Town subject to such taxation by the Town, subject to certain applicable statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the Town’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “TAX LEVY LIMITATION LAW” herein.

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The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the City’s faith and credit is both a commitment to pay and a commitment of the City’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit”, are used and they are not tautological. That is what the words say and this is what the courts have held they mean.... So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted.... While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

BOOK-ENTRY-ONLY SYSTEM

If the Notes are issued in book-entry form, the Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for Notes bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES, OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE TOWN MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is initially utilized and then discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the Town. The Notes will remain not subject to redemption prior to their stated final maturity date or earlier redemption.

THE TOWN

General Information

The Town of Bethlehem (the "Town") was incorporated in 1793. It has a land area of 52 square miles and is located in the upstate New York Capital Region in Albany County. It includes the hamlets of Delmar, Elsmere, Glenmont, Selkirk, Slingerlands and South and North Bethlehem. Situated approximately 6 miles south of the City of Albany, the capital of New York State, on the west bank of the Hudson River, the Town is primarily residential in nature. New York City is located approximately 150 miles south and Boston is located approximately 170 miles to the east. Residents have employment opportunities within the Capital Region.

The nearby Adirondack, Catskill and Berkshire mountains offer skiers, hikers and climbers world-class facilities, while boaters and water sports enthusiasts have Lake George only a short drive away. The Town has available all the usual commercial services in the hamlet of Delmar, as well as various shopping centers within the Town.

The Town has its own Water District with a water filtration and supply system capable of delivering ten million gallons of water daily through about 230 miles of water mains. The Bethlehem Sewer District contains about 175 miles of sewer mains. Approximately 85% of the Town's residents are served by the Sewer District. The Town maintains its own Police Department. There are five volunteer fire districts in the Town with each district having a five-person Board of Commissioners or Board of Directors. One volunteer ambulance company provides basic life support ambulatory services while the County provides advanced life support ambulatory services to the Town. The highway department is responsible for street and highway construction and repair. Gas and electricity are furnished by National Grid.

Rail passenger service to New York City and to the City of Buffalo and the west is provided by Amtrak at the Rensselaer station, which is located within close proximity to the Town and is easily accessible for residents. Major bus lines operate in all directions from the Albany Bus Terminal. Truck traffic is facilitated by US Interstates #87 (Adirondack Northway) and #90 (New York State Thruway). Other major highways include Interstate #787, US Routes #9W and #20, and State Routes #443 and #85. The Albany International Airport, located nearby in the Town of Colonie, provides passenger and freight service and accommodates both general aviation and military services.

Three school districts, Bethlehem Central School District, Ravena-Coeymans-Selkirk Central School District and Guilderland Central School District provide primary education. Higher education is afforded residents in the nearby City of Albany including such institutions as the State University of New York at Albany, SUNY Polytechnic Institute, Albany Law School, Albany College of Pharmacy and Health Sciences and Albany Medical College. Additionally, Siena College is located in the Town of Colonie and Rensselaer Polytechnic Institute and Russell Sage College are located in the City of Troy.

Source: Town officials.

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Major Employers

The following table sets forth the names of the major employers located within the Town and the estimated number of persons employed by each:

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Estimated Number of Employees</u>
Bethlehem Central School District	Public School	885
Plug Power	Manufacturing	600
American National-Farm Family	Insurance	570
SABIC (formerly General Electric Plastics Mfg.)	Plastics Manufacturing	500
Callanan Industries, Inc.	Paving and Construction Co	500
Walmart	Shopping Center	460
Price Chopper/Golub Corp.	Shopping	302
Owens Corning	Fiberglass Manufacturing	300
National Grid	Utility	300
Town of Bethlehem	Government - Town	211
CAP COM Federal Credit Union	Financial Institutions	199
Glenmont Job Corps Academy	Human Services	130

Source: Chamber of Commerce.

Population Trends

<u>Year</u>	<u>Town of Bethlehem</u>	<u>Albany County</u>	<u>New York State</u>
1970	23,427	286,742	18,236,882
1980	24,296	285,909	17,558,072
1990	27,552	292,594	17,990,455
2000	31,304	294,585	18,976,457
2010	33,656	304,204	19,378,102
2020	35,034	314,848	20,201,249
2021	34,924	316,301	19,857,492
2022	34,943	315,811	19,673,200

Sources: U.S. Census.

Selected Wealth and Income Indicators

Per capita income statistics are available for the County and State. Listed below are select figures from the 2000 Census Reports, 2006-2010 and 2018-2022 American Community Survey 5-Year Estimates.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2018-2022</u>	<u>2000</u>	<u>2006-2010</u>	<u>2018-2022</u>
Town of:						
Bethlehem	\$ 21,564	\$ 31,492	\$ 60,040	\$ 54,029	\$ 77,211	\$ 150,931
County of:						
Albany	16,363	23,345	44,101	41,670	56,724	110,201
State of:						
New York	16,501	23,389	47,173	39,741	51,691	100,846

Note: 2019-2023 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2018-2022 American Community Survey data.

Unemployment Rate Statistics

Unemployment statistics are available for the Town. In addition to the Town, such statistics are available for Albany County. The information set forth below with respect to the County and State of New York is included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the County or State is necessarily representative of the Town, or vice versa.

	<u>Annual Averages</u>						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Town of Bethlehem	3.3%	2.9%	2.7%	4.6%	3.2%	2.3%	2.5%
Albany County	4.2%	3.7%	3.5%	6.9%	4.4%	3.0%	3.3%
New York State	4.6%	4.1%	3.8%	9.9%	6.9%	4.3%	4.2%

	<u>2023-2024 Monthly Figures</u>											
	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>
Town of Bethlehem	2.4%	2.2%	1.7%	2.1%	2.2%	2.3%	2.4%	2.3%	2.6%	2.5%	2.9%	2.8%
Albany County	3.2%	2.9%	2.3%	2.7%	3.0%	3.0%	3.3%	3.0%	3.3%	3.2%	3.6%	3.7%
New York State	4.5%	4.0%	3.7%	3.8%	4.2%	4.1%	4.4%	4.0%	4.4%	4.0%	4.4%	4.4%

Note: Unemployment figures for February and March 2024 are not available as of the date of this Official Statement.

Source: Department of Labor, State of New York. Figures not seasonally adjusted.

Construction Activity

The following table sets forth the number of building permits which were issued within the Town for the years 2018 through and including 2024:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>
<u>Residential:</u>							
One Family	67	76	74	64	30	14	11
Two Family	0	0	0	0	10	10	7
Additions/Alterations	414	366	925	1,039	924	839	79
Town Houses	0	0	0	0	0	0	0
Apartments	0	2 (6 units)	1 (8 units)	0	0	0	0
Commercial & Industrial	10	4	9	5	13	7	1
<u>Non-Residential:</u>							
Additions/Alterations	75	75	22	80	83	61	2
Misc., Pools & Sheds	488	507	40	40	59	70	9

⁽¹⁾ As of April 11, 2024

Source: Town officials.

Form of Town Government

The Town functions under the Town Law of the State of New York. The chief executive, administrative and fiscal officer and Chairman of the Town Board is the Town Supervisor. The Supervisor is elected to a two-year term and is eligible to succeed his term. The Town Board, in addition to the Supervisor, is comprised of four councilmen who are elected to four-year terms. The Town Board reviews and adopts the annual Town budget, levies taxes, enacts ordinances and resolutions, administers municipal services and special Town districts, and appoints various personnel of the Town government. Two Town Justices who preside over weekly sessions of the Town Court, and a Receiver of Taxes, who supervises the collection and recording of the County, Fire District and Town tax receipts are elected for four-year terms. The Town Clerk and Superintendent of Highways, who supervises the budget and personnel of the Highway Department, are elected to two-year terms.

Financial Organization

The Supervisor is the chief fiscal officer of the Town. The Town Board appoints the Comptroller, who along with the Supervisor, has responsibility for the Town's financial affairs, including reviewing the financial conditions of the Town and plans for the Town's financial needs. The Supervisor is responsible for the custody of the Town's funds and disbursement of Town expenses. The Comptroller is responsible for auditing the financial records of the Town and allowing claims and expenses. The Board of Assessment and Review has responsibility for assessing real property in the Town for ad valorem taxes. Taxes, including Albany County ad valorem taxes assessed in the Town, are collected by the Receiver of Taxes. The Town maintains separate accounts of revenues and expenditures of the General Fund, Water District (Water Fund), Sewer District (Sewer Fund) and Highway Department (Highway Fund).

Budgetary Procedures

The Town Law of New York prescribes the method of budget procedures employed by the Town. In mid-July, administrative heads of the Town's departments are expected to prepare and file an estimate of revenues and expenditures during the next succeeding fiscal year with the Town Comptroller. From this data, The Comptroller and Town Supervisor prepare a tentative budget, which is presented to the Town Board, no later than September 30th. The tentative budget is filed with the Town Clerk and made available for inspection by interested persons both online and in office during reasonable hours. A hearing on the preliminary budget is held on or before the Thursday immediately following the general election held each year in November. The Town Board adopts the preliminary budget, by a majority vote, which then becomes the annual fiscal budget, on or before November 20th. The 2024 budget was adopted on November 8, 2023.

Investment Policy

Pursuant to the statutes of the State of New York, the Town is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the Town; (6) obligations of a New York public corporation which are made lawful investments by the Town pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of Town moneys held in certain reserve funds established pursuant to law, obligations issued by the Town. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

State Aid

The Town receives financial assistance from the State. In its budget for the 2024 fiscal year, approximately 4.32% of the General Fund revenues of the Town are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner in any year, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. In view of the State's continuing budget problems, future State aid reductions may occur. State budgetary restrictions which eliminate or substantially reduce State aid could have an effect upon the Town requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

Employees

The Town currently employs approximately 211 full-time employees, of which 42 are represented by the collective bargaining units listed below. 169 employees are not represented by any bargaining unit.

<u>Employees</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
25	Teamsters (Police Officers & Detectives)	December 31, 2025
10	AFL-CIO Council 66 (Telecommunicators)	December 31, 2025
7	AFSCME Council 82 (Police Sergeants)	December 31, 2025

Source: Town officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems 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 benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems.

The ERS is non-contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non-contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% based on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years

The Town's contributions to ERS and PFRS since 2018, including the 2023 unaudited and 2024 budgeted amount, are as follows:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2018	\$ 1,650,665	\$ 987,636
2019	1,684,371	963,701
2020	1,708,487	1,066,300
2021	1,813,922	1,171,533
2022	1,455,170	1,181,347
2023 (Budgeted)	1,695,456	1,238,012
2023 (Unaudited)	1,554,054	1,239,992
2024 (Budgeted)	1,940,779	1,461,053

Source: Town officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The Town does not have any early retirement incentives outstanding.

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially. The Town’s most recent contributions have been 11.3% to 28.0% of payroll for the employees’ and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of statewide average ERS and PFRS rates (2020 to 2024) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2020	14.6	23.5
2021	14.6	24.4
2022	16.2	28.3
2023	11.6	27.0
2024	13.1	27.8

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

Stable Rate Pension Contribution Option. The 2013-14 Adopted State Budget included a provision that authorized local governments, including the Town, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The Town is not amortizing or smoothing any pension payments, nor does it intend to do so in the foreseeable future. In 2013, during a period when contributions were increasing annually at a dramatic rate, the Town created a capital reserve fund with \$672,000, \$308,000 and \$126,000, in the General, Highway and Water Funds, respectively, for the purpose of retirement contribution smoothing. This fund has not been used since, and the moneys are still available should the state system require a substantial increase in contribution.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the Town’s employees is not subject to the direction of the Town. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the Town which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

Other Post-Employment Benefits

Healthcare Benefits. School districts and boards of cooperative educational services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB. Other Post-Employment Benefits ("OPEB") refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending May 31, 2019. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The Town adopted the provisions of Statement No. 75 for the year ending December 31, 2018. The Town does report pension obligations on the Audited Financial Statements but does not report the effect of OPEB, noted below.

GASB 45. Prior to GASB 75, GASB Statement No. 45 ("GASB 45"), required municipalities and school districts to account for OPEB liabilities much like they already accounted for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covered accounting for pensions, GASB 45 did not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") was determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

Actuarial Valuations are required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

In addition to providing pension benefits, the Town also provides certain health care benefits for retired employees and their dependents. Substantially all of the Town employees may become eligible for those benefits if they reach normal retirement age while working for the Town.

The Town has not recorded other postemployment benefits in accordance with the regulatory basis accounting principles. The amounts that would have been recorded as a liability, had other postemployment benefits been recorded in accordance with the regulatory basis accounting principles, is not known.

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GASB 45 requires the Town to recognize the cost of pension benefits to be reflected in the financial statements in the periods in which the exchange occurs rather than in the periods when the benefits are paid. GASB 45 requires the services of an actuary to calculate current OPEB costs and to amortize prior service costs over a period not to exceed thirty years. The expense recognized under this policy would be significantly larger than prior practice which recognized expense on a pay-as-you-go basis.

- OPEB costs recognized by the Town as incurred were \$639,976 in 2014 for 141 retirees.
- OPEB costs recognized by the Town as incurred were \$758,077 in 2015 for 146 retirees.
- OPEB costs recognized by the Town as incurred were \$760,968 in 2016 for 146 retirees.
- OPEB costs recognized by the Town as incurred were \$761,953 in 2017 for 154 retirees.
- OPEB costs recognized by the Town as incurred were \$746,302 in 2018 for 172 retirees.
- OPEB costs recognized by the Town as incurred were \$804,646 in 2019 for 180 retirees.
- OPEB costs recognized by the Town as incurred were \$881,878 in 2020 for 212 retirees.
- OPEB costs recognized by the Town as incurred were \$1,021,991 in 2021 for 218 retirees.
- OPEB costs recognized by the Town as incurred were \$1,075,065 in 2022 for 199 retirees.
- OPEB costs recognized by the Town as incurred were \$1,158,596 in 2023 for 160 retirees.

Note: The number of retirees above includes covered spouses and children, where applicable.

An annual audit will be conducted on the Annual Financial Report as required to be submitted to the Office of the New York State Comptroller, using an Other Comprehensive Basis of Accounting (OCBOA), in that the financial statements will be prepared in conformity with the requirements of this regulatory agency. See “Financial Statements” herein.

The Town’s financial statements are presented in conformity with GAAP and ties to the Financial Statements as audited.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose for which the Notes are issued, is the Town Law and the Local Finance Law.

No principal or interest upon any obligation of this Town is past due.

The fiscal year of the Town is January 1 through December 31.

Except for as shown under “STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness”, this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the Town.

Financial Statements

The Town retains an independent certified public accounting firm for a continuous independent audit of all financial transactions of the Town. The financial affairs of the Town are also subject to periodic reviews by the State Comptroller. The audited financial statements for the fiscal year ending December 31, 2023 are not available as of this Official Statement. The last independent audit covers the fiscal year ending December 31, 2022 and is attached hereto as “APPENDIX – D” to this Official Statement. Certain other financial information can also be found in “APPENDIX – A1 – A3” attached hereto.

The Town complies with the Uniform System of Accounts as prescribed for towns in New York State by the State Comptroller. This System differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

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The Town has chosen to defer implementation of GASB Statement No. 34 (and other subsequent statements), until such time as the benefits from compliance may outweigh the costs to comply and with the requirements of GASB 75 as it pertains to OPEB. The Town's financial statements are prepared using GAAP. In addition, the Town continues to comply with the requirements of OMB Circular A-133, for its Single Audit.

Unaudited Results of Operations for Fiscal Year Ended 2023.

The Town ended the fiscal year ending December 31, 2023 with a cumulative unappropriated unreserved net fund balance of \$9,672,746.

Summary unaudited information for the General Fund for the period ending December 31, 2023 is as follows:

	Revenues:	\$ 29,146,965
	Expenditures:	<u>26,791,559</u>
	Excess (Deficit) Revenues Over Expenditures:	<u>\$ 2,355,406</u>
	Total General Fund Balance December 31, 2022:	13,093,407
	Total General Fund Balance December 31, 2023:	\$ 15,448,813

Note: These unaudited results are based upon certain current assumptions and estimates for fiscal year ended 2023 and the audited results may vary therefrom.

New York State Comptroller Reports of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the Town has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

In December 2021, the Office of the State Comptroller conducted a review of the Town's tax levy limit and proposed tax levy for the fiscal year ending in 2022. The review resulted in no findings.

In July 2023, the Town was notified by letter of an upcoming audit by the Office of the State Comptroller. As of the time of this Official Statement, there has been no audit conducted or further communication regarding subject or timeframe of such audit.

There are no recent State Comptroller's audits of the Town, nor any that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein.

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The State Comptroller’s Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State’s school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State’s school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district’s ST-3 report filed with the State Education Department annually, and each municipality’s annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in “significant fiscal stress”, in “moderate fiscal stress,” as “susceptible to fiscal stress” or “no designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “no designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity’s financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past three years for the Town are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2022	No Designation	0.0
2021	No Designation	0.0
2020	No Designation	3.3

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

TAX INFORMATION

Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed Valuation	\$3,741,979,721	\$3,795,484,179	\$3,836,627,024	\$3,878,903,349	\$3,919,053,419
New York State Equalization Rate	100.00%	95.00%	93.00%	86.00%	75.00%
Total Taxable Full Valuation	\$ 3,741,979,721	\$ 3,995,246,504	\$ 4,125,405,402	\$ 4,510,352,731	\$ 5,225,404,559

Source: Town officials.

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
County	\$ 3.71	\$ 3.70	\$ 3.73	\$ 3.70	\$ 3.81
Town	0.91	1.00	1.04	1.01	1.09
Highway	1.73	1.71	1.72	1.77	1.83
Water	0.61	0.60	0.61	0.61	0.37
Sewer	0.33	0.33	0.33	0.38	0.48

Source: Town officials.

Tax Collection Procedure

Taxes are payable during the month of January without penalty. Penalties thereafter are imposed at a rate of 1% if paid in February, and 2% if paid in March. In April, the tax roll is returned to the County and all unpaid taxes plus penalties are due and payable to the County. The Town retains the total amount of Town, Highway, Special District levies from the total collections and returns the balance plus the uncollected items to the County, which assumes responsibility and holds annual tax sales. As far as the Town is concerned there are no uncollected taxes. Payment in full of all Town items is guaranteed by the County.

The County of Albany acts as billing and collecting agent for real property taxes with respect to public utility (including special franchise) and railroad properties.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending December 31:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Tax Levy ⁽¹⁾	\$ 33,430,618	\$ 34,180,797	\$ 35,100,110	\$ 35,699,951	\$ 37,176,499
Amount Unpaid ⁽²⁾	-	-	-	-	-
% Uncollected	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Town officials.

Ten Largest Taxpayers – 2023 Assessment Roll for 2024 Town Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
PSEG	Utility	\$ 104,660,614
Niagara Mohawk Power Corp	Utility	83,499,446
New York Central Lines	Railroad	67,364,993
Selkirk Cogen	Utility	50,000,000
Beverwyck Inc.	Aged home	23,000,000
SHPP US LLC	Manufacturing	22,292,400
LSREF4 Dual (Mansions) LLC	Apts	22,000,000
Adams Station Apts	Apts	20,360,000
Tennessee Gas	Utility	20,100,528
Tower Elm Estate II LLC	Apts	15,908,000

The ten taxpayers, listed above, have a total assessed valuation of \$429,185,981, which represents 10.95% of the taxable assessed value of the Town.

The Town is currently defending tax assessment challenges against 11 homeowners located near the Beacon Island development as well as 12 businesses with disputes, the Town believes that none of these disputes will have an adverse material financial impact on Town finances.

Source: Town officials.

Additional Tax Information

Veterans', senior citizens', volunteer firefighters' and emergency medical technicians' exemptions are offered to those who qualify.

The Town assessment roll is completed by the Town's Assessor and is modified according to Town requirements and standards.

The assessment roll of the Town, based on total value, is constituted approximately as follows: Agricultural and Residential 72%, Commercial and Industrial 20%, and wholly exempt 8%.

The total 2024 property tax bill of an average assessed value residential property of \$270,500, located in the Town, is approximately \$8,741 including County, Fire District, Town, and School District (2023/2024) taxes.

Source: Town officials.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo, the latter four of which are indirectly affected by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System, and the Teachers’ Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

While the Tax Levy Limitation Law may constrict an issuer’s power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer’s pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer’s levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

- The Town Tax Levy remained under the Tax Cap in 2015 by \$295,502.
- The Town Tax Levy remained under the Tax Cap in 2016 by \$252,696.
- The Town Tax Levy remained under the Tax Cap in 2017 by \$26,375.
- The Town Tax Levy remained under the Tax Cap in 2018 by \$24,008.
- The Town Tax Levy remained under the Tax Cap in 2019 by \$37,532.
- The Town Tax Levy remained under the Tax Cap in 2020 by \$21,315.
- The Town Tax Levy remained under the Tax Cap in 2021 by \$16,584.
- The Town Tax Levy remained under the Tax Cap in 2022 by \$7,740.
- The Town Tax Levy remained under the Tax Cap in 2023 by \$15,835.
- The Town Tax Levy remained under the Tax Cap in 2024 by \$0

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the Town (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the Town and the Notes include the following:

Purpose and Pledge. Subject to certain enumerated exceptions, the Town shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The Town may contract indebtedness only for a Town purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining debt service is utilized, no installment may be more than fifty per centum in excess of the smallest prior installment. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the Town is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the Town to borrow and incur indebtedness, subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the Town Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Town authorizes the issuance of bonds by the adoption of a bond resolution, approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Customarily, the Town Board has delegated to the Supervisor, as chief fiscal officer of the Town, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the Town is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions the Town complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law) restrictions relating to the period of probable usefulness with respect thereto.

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided, generally, that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the Town with the power to issue certain other short-term general obligations indebtedness including revenue and tax anticipation notes and budget and capital notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending December 31:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$ 42,602,100	\$ 40,765,000	\$ 38,620,000	\$ 36,395,000	\$ 35,020,001
Bond Anticipation Notes	0	0	0	0	6,000,000
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	\$ 42,602,100	\$ 40,765,000	\$ 38,620,000	\$ 36,395,000	\$ 41,020,001

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Town evidenced by bonds and notes as of April 11, 2024.

<u>Bonds</u>	<u>Maturity</u>	<u>Amount</u>
	2023-2037	\$ 34,940,001
<u>Bond Anticipation Notes</u>	May 3, 2024	<u>6,000,000</u>
	Total Debt Outstanding	<u>\$ 40,940,001</u>

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of April 11, 2024:

Five-Year Average Full Valuation of Taxable Real Property	\$ 4,319,677,783
Debt Limit 7% thereof.....	302,377,445
Inclusions:	
Bonds.....	\$ 34,940,001
Bond Anticipation Notes	<u>6,000,000</u>
Total Inclusions.....	\$ 40,940,001
Exclusions:	
Water Debt ⁽¹⁾	\$ 18,069,982
Sewer Indebtedness ⁽²⁾	2,873,661
Appropriations ⁽³⁾	<u>697,920</u>
Total Exclusions.....	<u>\$ 21,641,563</u>
Total Net Indebtedness	<u>\$ 19,298,438</u>
Net Debt-Contracting Margin.....	<u>\$ 283,079,007</u>
The percent of debt contracting power exhausted is	6.38%

- (1) Excluded pursuant to Section 124.10 of the Local Finance Law.
- (2) Excluded pursuant to Section 136 of the Local Finance Law.
- (3) Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

Bonded Debt Service

A schedule of Bonded Debt Service may be found in the Appendices to this Official Statement.

Cash Flow Borrowings

The Town has not found it necessary to borrow revenue or tax anticipation notes in the recent past and does not anticipate having to borrow such in the foreseeable future.

Authorized but Unissued Items

Currently approved projects that the Town has not yet financed include:

- In the Water Fund, \$640,000 in borrowing was authorized in March 2016 for a Water Storage Tank Rehabilitation project.
- In the Water Fund, \$451,777 in borrowing was authorized in March 2016 for a Dam Safety Improvement project.
- In the Water Fund, \$100,000 in borrowing was authorized in May 2022 for a Water Storage Tank Rehabilitation project.
- In the Sewer Fund, \$1,200,000 in borrowing was authorized in May 2022 for Waste Water Treatment Plant Upgrades & pump replacement
- In the General Fund, \$700,000 in borrowing was authorized in May 2022 for Elm Ave Pool restoration.

Source: Town officials.

Capital Plan Summary

The Town has a Capital Plan Projection which covers five years. It is an internal working document to be used by the Town Board and administrators as well as the Town’s financial advisors and bond counsel. It provides a financial plan through which borrowing can be organized and scheduled and debt service impacts on future annual operating budgets can be predicted. The plan is publicly available on the Town’s website at the address below: <https://www.townofbethlehem.org/DocumentCenter/View/14519/2024-2028-Tentative-Capital-Plan-Presentation>

Source: Town officials.

Estimated Overlapping Indebtedness

In addition to the Town, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the Town.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>Town Share</u>	<u>Applicable Indebtedness</u>
County of:						
Albany	12/31/2022	\$301,080,000	\$ - ⁽²⁾	\$ 301,080,000	16.58%	\$ 49,919,064
School District:						
Bethlehem CSD	6/30/2023	42,067,375	29,951,971 ⁽³⁾	12,115,404	92.45%	11,200,691
Ravena-Coeymans-Selkirk	6/30/2023	22,602,221	15,957,168 ⁽³⁾	6,645,053	47.80%	3,176,335
Guilderland CSD	6/30/2023	64,826,840	44,665,693 ⁽³⁾	20,161,147	6.61%	1,332,652
Fire District:						
Delmar Fire District	12/31/2022	700,000	- ⁽²⁾	700,000	29.08%	203,560
Elmwood Park Fire District	12/31/2022	95,000	- ⁽²⁾	95,000	6.91%	6,565
Elsmere Fire District	12/31/2022	1,121,238	- ⁽²⁾	1,121,238	25.79%	289,167
Selkirk Fire District	12/31/2022	-	- ⁽²⁾	-	29.96%	-
Slingerlands Fire District	12/31/2022	897,192	- ⁽²⁾	897,192	15.09%	<u>135,386</u>
Total:						<u>\$ 66,263,420</u>

- (1) Outstanding bonds and bond anticipation notes are as of the close of the respective fiscal years and are not adjusted to include subsequent bond or note sales, if any.
- (2) Does not include water and sewer debt and appropriations which is allowed to be excluded from a municipality's gross indebtedness under section 124.10 of the Local Finance Law and Article VIII, Section 5B of the New York State Constitution.
- (3) Estimated State building aid.

Source: Most recent available State Comptroller’s Special Report on Municipal Affairs for Local Finance for fiscal years ended 2022 for county and 2023 for the school districts.

Debt Ratios

The following table sets forth certain ratios relating to the Town's indebtedness as of April 11, 2024.

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness (see "Debt Statement Summary")	\$ 19,298,438	\$ 552.28	0.37%
Net Indebtedness Plus Net Overlapping Indebtedness ^(c)	85,561,858	2,448.61	1.64%

(a) The 2022 estimated population of the Town is 34,943. (See "Population Trends" herein.)

(b) The Town's total full valuation of taxable real property for the 2024 Town tax roll is \$5,225,404,559. (See "TAX INFORMATION" herein.)

(c) The Town's estimated applicable share of net underlying indebtedness is \$66,263,420. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Note when duly issued and paid for will constitute a contract between the Town and the holder thereof. Under current law, provision is made for contract creditors of the Town to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Town upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the Town may not be enforced by levy and execution against property owned by the Town.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the Town, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Notes should the Town be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Notes to receive interest and principal from the Town could be adversely affected by the restructuring of the Town's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the Town (including the Notes) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the Town under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law described below enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the City.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a "material change in circumstances" the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time, there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The Town has not requested FRB assistance nor does it reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation. In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See “Nature of Obligation” and “State Debt Moratorium Law” herein.

No Past Due Debt. No principal of or interest on Town indebtedness is past due. The Town has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential investment risk.

The financial and economic condition of the Town as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the Town's control. There can be no assurance that adverse events in the State and in other jurisdictions, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Town to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes could be adversely affected.

The Town is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Town. In some years, the Town has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE TOWN - State Aid").

There are a number of general factors which could have a detrimental effect on the ability of the Town to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the Town. Unforeseen developments could also result in substantial increases in Town expenditures, thus placing strain on the Town's financial condition. These factors may have an effect on the market price of the Notes.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the Town. Any such future legislation would have an adverse effect on the market value of the Notes (See "TAX MATTERS" herein).

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the Town and hence upon the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

Cybersecurity

The Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. No assurances can be given that such security and operational control measures implemented would be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

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TAX MATTERS

The Notes. In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, under existing law, interest on the Notes is excludable from the gross income of the owners thereof for federal income tax purposes, assuming compliance with certain covenants and the accuracy of certain representations. Further, (a) the Town or another Person, by failing to comply with the requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), may cause interest on the Notes to become subject to federal income taxation from the date of issuance thereof, (b) interest on the Notes is not an “item of tax preference” for purposes of the individual alternative minimum tax imposed by the Code, and (c) interest on the Notes is included in the tax base for purposes of computing the branch profits tax under Section 884 of the Code. In addition, we note that, interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

Tax Requirements. In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Notes from gross income for federal income tax purposes may be dependent, among other things, on compliance with the applicable requirements of Sections 141, 148 and 149 of the Code and the regulations thereunder (collectively, the “Tax Requirements”). In the opinion of Bond Counsel, the Tax Compliance Certificate establishes requirements and procedures, compliance with which will satisfy the Tax Requirements.

In the Tax Compliance Certificate, the Town has covenanted to comply with the Tax Requirements, and refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Bank Qualified. The Notes will be designated as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

Other Impacts. Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Information Reporting and Backup Withholding. In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest and the proceeds of the sale of a Note before maturity within the United States. Backup withholding may apply to holders of the Note under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States Federal income tax provided the required information is furnished to the Internal Revenue Service (the “Service”).

Future Legislation. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government.

No representation is made as to the likelihood of such proposals being enacted or, if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes.

Prospective purchasers of the Notes should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Notes at other than their original issuance at the respective prices set indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to which Bond Counsel expresses no opinion.

New York State Taxes. In the opinion of Bond Counsel, interest on the Notes is exempt, under existing statutes, from New York State and New York City personal income taxes.

Miscellaneous. All quotations from and summaries and explanations of provisions of laws do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. Unless separately engaged, Bond Counsel is not obligated to defend the Town or the owners of the Notes regarding the tax status of the interest thereon in the event of an audit examination by the IRS.

ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE NOTES.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Hodgson Russ LLP, Bond Counsel, Albany, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Town, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon (Subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York), without limitation as to rate or amount, provided, that the enforceability (but not the validity) of the Notes may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights, (a) may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or federal) affecting the enforcement of creditors' rights, and (b) may be subject to the exercise of judicial discretion in appropriate cases, (ii) the Town has the power to comply with its covenant included in its arbitrage certificate with respect to the Notes relating to compliance with the Code as it relates to the Notes; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights; and (iii) assuming that the Town complies with such covenants interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not an "item of tax preference" for purposes of the individual alternative minimum tax. Moreover, interest on the Notes may be subject to a branch profits tax of up to 30% when owned by certain foreign corporations. Furthermore, interest on the Notes may be subject to a tax at ordinary income rates when owned by "S Corporations" in certain cases. In addition, we note that, interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York. Bond Counsel will express no opinion regarding other federal income tax consequences arising with respect to the Notes.

Such legal opinion also will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the accuracy of the signatures appearing upon such public records, documents and proceedings and such certifications; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed therein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Town together with other legally available sources of revenue, if any, will be sufficient to enable the Town to pay the principal of and interest on the Notes as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the Town, would materially affect the ability of the Town to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the Town, in connection with the sale of the Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. The Town does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Town.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the Town, threatened against or affecting the Town to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the Town taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the Town.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the Town will enter into a Continuing Disclosure Undertaking, descriptions of which are attached hereto as “APPENDIX – C, FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS”.

Historical Continuing Disclosure Compliance

The Town has complied with all previous Undertakings in all material respects pursuant to the Rule within the past five years.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the Town on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Town or the information set forth in this Official Statement or any other information available to the Town with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the Town to Fiscal Advisors are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the Town provided, however; the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATINGS

The Notes are NOT rated. The purchaser of the Notes may choose to request that a rating be assigned after the sale pending the approval of the Town and applicable rating agency, and at the expense of the purchaser, including any rating agency and other fees to be incurred by the Town, as such rating action may result in a material event notice to be posted to EMMA and/or the provision of a Supplement to the final Official Statement. (See “APPENDIX – C” herein).

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) has assigned its underlying rating of “AA+” with a stable outlook to the Town’s outstanding bonds. A rating reflects only the view of the rating agency assigning such rating, and any explanation of the significance of such rating may be obtained from Standard & Poor’s Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

Moody’s Investors Service (“Moody’s”) has assigned their rating of “Aa2” to the Town’s outstanding general obligations bonds. This rating reflects only the view of Moody’s and any desired explanation of the significance of such rating should be obtained from Moody’s Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the bonds may have an adverse effect on the market price of the Notes.

MISCELLANEOUS

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the Town management’s beliefs as well as assumptions made by, and information currently available to, the Town management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Town’s files with the repositories. When used in Town documents or oral presentation, the words “anticipate”, “believe”, “intend”, “plan”, “forsee”, “likely”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, “will”, or “should”, or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the Town as to which no representation can be made.

The Official Statement is submitted only in connection with the sale of the Notes by the Town and may not be reproduced or used in whole or in part for any other purpose.

Hodgson Russ LLP, Albany, New York, Bond Counsel to the Town, expressed no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

The Town hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the Town also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The Town’s contact information is as follows: Mr. Michael E. Cohen, Town Comptroller, Town Hall, Room 205, 445 Delaware Avenue, Delmar, New York 12054, Phone: (518) 439-4955, Telefax: (518) 475-0520, email: mcohen@townofbethlehem.org

TOWN OF BETHLEHEM

Dated: April 11, 2024

DAVID VAN LUVEN
Town Supervisor

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>ASSETS</u>					
Cash	\$ 5,319,222	\$ 5,546,741	\$ 5,874,941	\$ 8,035,654	\$ 13,236,096
Restricted Assets	-	-	-	-	-
Accounts Receivable	446,110	344,430	303,724	360,841	396,653
Due from Other Funds	-	-	-	-	-
Due From Other Governments	3,890,675	4,194,709	3,859,765	4,599,331	4,319,648
State and Federal Aid Receivable	-	15,019	141,875	52,013	4,586
Prepaid Expenses	486,233	550,313	520,728	1,499,628	1,448,088
Inventories	125,469	94,728	102,644	106,531	102,187
TOTAL ASSETS	<u><u>\$ 10,267,709</u></u>	<u><u>\$ 10,745,940</u></u>	<u><u>\$ 10,803,677</u></u>	<u><u>\$ 14,653,998</u></u>	<u><u>\$ 19,507,258</u></u>
 <u>LIABILITES AND FUND EQUITY</u>					
Accounts Payable	\$ 436,277	\$ 555,714	\$ 458,396	\$ 450,017	\$ 402,875
Accrued Liabilities	492,278	476,030	549,726	595,245	721,483
Due to Other Funds	-	-	-	-	-
Due to Other Governments	572,005	567,606	619,749	627,529	638,048
Unearned Revenues	816,659	784,463	874,140	2,842,676	4,651,445
Deferred Revenues	-	-	-	-	-
TOTAL LIABILITES	<u><u>2,317,219</u></u>	<u><u>2,383,813</u></u>	<u><u>2,502,011</u></u>	<u><u>4,515,467</u></u>	<u><u>6,413,851</u></u>
 <u>FUND EQUITY</u>					
Nonspendable	\$ 611,702	\$ 645,041	\$ 623,372	\$ 1,606,159	\$ 1,550,275
Restricted	-	-	-	-	-
Assigned	2,298,910	2,705,247	3,308,625	1,313,980	3,110,173
Unassigned	5,039,878	5,011,839	4,369,669	7,218,392	8,432,959
TOTAL FUND EQUITY	<u><u>7,950,490</u></u>	<u><u>8,362,127</u></u>	<u><u>8,301,666</u></u>	<u><u>10,138,531</u></u>	<u><u>13,093,407</u></u>
TOTAL LIABILITES and FUND EQUITY	<u><u>\$ 10,267,709</u></u>	<u><u>\$ 10,745,940</u></u>	<u><u>\$ 10,803,677</u></u>	<u><u>\$ 14,653,998</u></u>	<u><u>\$ 19,507,258</u></u>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
REVENUES					
Real Property Taxes	\$ 2,405,610	\$ 3,160,795	\$ 3,254,911	\$ 3,395,909	\$ 3,804,806
Real Property Tax Items	105,015	120,963	123,872	122,520	137,532
Non Property Tax Items	12,159,102	12,888,088	13,315,220	12,406,705	14,776,148
Departmental Income	1,814,390	1,849,549	1,905,933	1,369,623	1,779,325
Intergovernmental Charges	50,000	50,000	80,000	50,000	50,000
Use of Money & Property	111,268	193,387	241,194	147,806	81,705
Licenses and Permits	54,779	49,280	44,965	35,331	37,049
Fines and Forfeitures	396,704	425,558	365,363	202,433	168,331
Sale of Property and Compensation for Loss	154,986	237,154	155,578	114,388	147,694
Miscellaneous	22,736	25,308	205,777	131,608	155,759
Interfund Revenues	-	-	-	471,924	559,477
Revenues from State Sources	1,320,281	1,354,688	1,450,429	1,399,518	1,606,286
Revenues from Federal Sources	54,897	55,980	74,935	51,920	67,788
Total Revenues	<u>\$ 18,649,768</u>	<u>\$ 20,410,750</u>	<u>\$ 21,218,177</u>	<u>\$ 19,899,685</u>	<u>\$ 23,371,900</u>
EXPENDITURES					
General Government Support	\$ 3,670,347	\$ 3,945,691	\$ 4,056,224	\$ 3,939,199	\$ 4,053,134
Education	-	11,087	-	-	-
Public Safety	6,189,794	6,385,073	6,569,322	6,495,970	6,447,728
Health	-	-	-	-	-
Transportation	547,636	714,803	701,423	570,335	677,537
Economic Assistance and Opportunity	476,151	478,865	498,565	415,474	411,213
Culture and Recreation	1,470,498	1,332,268	1,424,165	1,083,009	1,336,842
Home and Community Services	1,262,519	1,230,771	1,569,627	1,478,233	1,383,846
Employee Benefits	4,624,853	4,758,337	4,943,327	5,094,878	5,300,323
Debt Service	293,766	656,782	419,848	463,044	465,547
Total Expenditures	<u>\$ 18,535,564</u>	<u>\$ 19,513,677</u>	<u>\$ 20,182,501</u>	<u>\$ 19,540,142</u>	<u>\$ 20,076,170</u>
Excess of Revenues Over (Under) Expenditures	<u>114,204</u>	<u>897,073</u>	<u>1,035,676</u>	<u>359,543</u>	<u>3,295,730</u>
Other Financing Sources (Uses):					
Other Budgetary Purposes	-	-	-	-	-
Operating Transfers In	415,495	437,764	447,170	-	-
Operating Transfers Out	<u>(26,340)</u>	<u>(23,000)</u>	<u>(1,071,209)</u>	<u>(420,004)</u>	<u>(1,458,865)</u>
Total Other Financing	<u>389,155</u>	<u>414,764</u>	<u>(624,039)</u>	<u>(420,004)</u>	<u>(1,458,865)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>503,359</u>	<u>1,311,837</u>	<u>411,637</u>	<u>(60,461)</u>	<u>1,836,865</u>
FUND BALANCE					
Fund Balance - Beginning of Year	6,135,294	6,638,653	7,950,490	8,362,127	8,301,666
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 6,638,653</u>	<u>\$ 7,950,490</u>	<u>\$ 8,362,127</u>	<u>\$ 8,301,666</u>	<u>\$ 10,138,531</u>

Source: Audited financial reports of the Town. This Appendix itself is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending December 31:

	2022			2023	2024
	Original Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 4,020,891	\$ 4,020,891	\$ 4,020,893	\$ 3,931,996	\$ 4,296,371
Real Property Tax Items	148,908	148,908	147,378	147,093	147,888
Non Property Tax Items	13,873,088	14,918,009	16,494,948	15,148,657	15,987,810
Departmental Income	1,368,415	1,545,799	2,849,044	1,462,896	1,719,450
Intergovernmental Charges	34,760	34,760	34,775	34,760	34,760
Use of Money & Property	77,206	77,406	169,572	176,558	467,942
Licenses and Permits	37,400	38,150	34,263	35,400	35,400
Fines and Forfeitures	150,000	150,000	216,644	170,000	190,000
Sale of Property and Compensation for Loss	138,000	161,586	167,133	391,449	199,392
Miscellaneous	126,638	126,638	10,878	-	-
Interfund Revenues	507,337	507,337	583,434	533,111	578,547
Revenues from State Sources	1,203,000	1,301,352	1,836,212	1,104,638	1,069,638
Revenues from Federal Sources	55,297	627,070	571,992	50,202	50,000
Total Revenues	\$ 21,740,940	\$ 23,657,906	\$ 27,137,166	\$ 23,186,760	\$ 24,777,198
EXPENDITURES					
General Government Support	\$ 4,343,879	\$ 5,197,803	\$ 4,400,889	\$ 4,521,190	\$ 4,821,568
Education	-	-	-	-	-
Public Safety	7,055,142	7,268,741	6,883,133	7,457,014	7,662,658
Health	-	-	-	-	-
Transportation	716,328	1,180,492	1,079,289	1,141,152	1,194,356
Economic Assistance and Opportunity	499,430	502,365	496,817	548,245	568,931
Culture and Recreation	1,586,016	1,890,671	1,542,731	1,727,714	1,819,737
Home and Community Services	1,446,744	1,951,690	1,438,300	1,529,840	1,717,002
Employee Benefits	5,616,241	5,600,538	5,195,883	5,785,692	6,485,361
Debt Service	477,160	477,160	477,156	475,913	507,585
Total Expenditures	\$ 21,740,940	\$ 24,069,460	\$ 21,514,198	\$ 23,186,760	\$ 24,777,198
Excess of Revenues Over (Under) Expenditures	-	(411,554)	5,622,968	-	-
Other Financing Sources (Uses):					
Other Budgetary Purposes	-	-	-	-	-
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	(2,668,092)	(2,668,092)	-	-
Total Other Financing	-	(2,668,092)	(2,668,092)	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(3,079,646)	2,954,876	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	3,079,646	10,138,531	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 13,093,407	\$ -	\$ -

Source: 2022 Audited Financial Report and Adopted Budgets (unaudited) of the Town. This Appendix is not itself audited.

CHANGES IN FUND EQUITY

Fiscal Years Ending December 31:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>HIGHWAY FUND - TOWN WIDE</u>					
Fund Equity - Beginning of Year	\$ 4,047,121	\$ 4,029,514	\$ 4,669,362	\$ 5,086,187	\$ 5,088,736
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	6,848,333	7,372,040	7,211,734	7,479,482	7,604,982
Expenditures & Other Uses	6,865,940	6,732,192	6,794,909	7,476,933	9,336,994
Fund Equity - End of Year	\$ 4,029,514	\$ 4,669,362	\$ 5,086,187	\$ 5,088,736	\$ 3,356,724
<u>WATER FUND</u>					
Fund Equity - Beginning of Year	\$ 5,663,245	\$ 3,864,746	\$ 4,102,772	\$ 4,793,712	\$ 5,684,429
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	9,998,649	9,770,355	10,724,258	10,787,454	12,040,795
Expenditures & Other Uses	11,797,148	9,532,329	10,033,318	9,896,737	11,433,544
Fund Equity - End of Year	\$ 3,864,746	\$ 4,102,772	\$ 4,793,712	\$ 5,684,429	\$ 6,291,680
<u>SEWER FUND</u>					
Fund Equity - Beginning of Year	\$ 4,624,422	\$ 3,812,769	\$ 4,096,259	\$ 4,079,569	\$ 2,961,669
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	4,577,705	4,582,298	4,656,430	4,551,142	4,647,544
Expenditures & Other Uses	5,389,358	4,298,808	4,673,120	5,669,042	5,620,547
Fund Equity - End of Year	\$ 3,812,769	\$ 4,096,259	\$ 4,079,569	\$ 2,961,669	\$ 1,988,666
<u>CAPITAL PROJECTS FUND</u>					
Fund Equity - Beginning of Year	\$ 7,746,672	\$ 5,173,931	\$ 10,168,540	\$ 5,074,828	\$ 5,994,257
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	4,767,012	22,165,423	3,368,952	7,685,745	7,407,578
Expenditures & Other Uses	7,339,753	17,170,814	8,462,664	6,766,316	3,316,450
Fund Equity - End of Year	\$ 5,173,931	\$ 10,168,540	\$ 5,074,828	\$ 5,994,257	\$ 10,085,385

Source: Audited financial reports of the Town. This Appendix itself is not audited.

APPENDIX - B
Town of Bethlehem

BONDED INDEBTEDNESS

Fiscal Year Ending December 31st	Principal	Interest*	Total
2024	\$ 1,415,000	\$ 1,019,531.66	\$ 2,434,531.66
2025	1,440,000	983,625.92	2,423,625.92
2026	1,485,000	945,685.36	2,430,685.36
2027	1,520,000	908,905.54	2,428,905.54
2028	1,570,000	870,450.88	2,440,450.88
2029	1,615,000	829,758.33	2,444,758.33
2030	1,660,000	784,452.11	2,444,452.11
2031	1,700,000	734,581.86	2,434,581.86
2032	1,750,000	683,274.55	2,433,274.55
2033	1,810,000	629,199.87	2,439,199.87
2034	1,860,000	573,369.21	2,433,369.21
2035	1,520,000	521,854.75	2,041,854.75
2036	1,560,000	474,588.64	2,034,588.64
2037	1,610,000	425,957.80	2,035,957.80
2038	1,220,000	375,502.61	1,595,502.61
2039	1,255,000	336,652.24	1,591,652.24
2040	1,280,000	296,857.66	1,576,857.66
2041	1,325,000	255,955.52	1,580,955.52
2042	1,370,000	213,811.36	1,583,811.36
2043	835,000	170,423.70	1,005,423.70
2044	860,000	144,638.92	1,004,638.92
2045	885,000	118,095.38	1,003,095.38
2046	915,000	90,718.06	1,005,718.06
2047	830,000	64,350.00	894,350.00
2048	850,000	39,150.00	889,150.00
2049	880,000	13,200.00	893,200.00
TOTALS	\$ 35,020,000	\$ 12,504,591.93	\$ 47,524,591.93

* The Town receives a subsidy credit to offset interest payments related to the Town's 2016 bonds issued through the New York State Environmental Facilities Corporation. The subsidy is not included in the figures included herein.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2015			2016		
	Various Improvements			Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 305,000	\$ 99,960.00	\$ 404,960.00	\$ 290,000	\$ 158,000.00	\$ 448,000.00
2025	310,000	93,616.25	403,616.25	300,000	146,400.00	446,400.00
2026	320,000	86,522.50	406,522.50	315,000	134,400.00	449,400.00
2027	325,000	78,660.00	403,660.00	325,000	124,950.00	449,950.00
2028	335,000	70,242.50	405,242.50	335,000	115,200.00	450,200.00
2029	345,000	61,143.75	406,143.75	350,000	105,150.00	455,150.00
2030	355,000	51,075.00	406,075.00	355,000	94,650.00	449,650.00
2031	365,000	40,275.00	405,275.00	365,000	84,000.00	449,000.00
2032	375,000	29,175.00	404,175.00	375,000	73,050.00	448,050.00
2033	390,000	17,700.00	407,700.00	390,000	61,800.00	451,800.00
2034	395,000	5,925.00	400,925.00	400,000	50,100.00	450,100.00
2035	-	-	-	415,000	38,100.00	453,100.00
2036	-	-	-	420,000	25,650.00	445,650.00
2037	-	-	-	435,000	13,050.00	448,050.00
TOTALS	\$ 3,820,000	\$ 634,295.00	\$ 4,454,295.00	\$ 5,070,000	\$ 1,224,500.00	\$ 6,294,500.00

Fiscal Year Ending Dec 31st	2016B*		
	NYS Environmental Facilities Corporation Loan		
	Principal	Interest	Total
2024	80,000	58,638.80	138,638.80
2025	80,000	57,600.40	137,600.40
2026	80,000	56,482.00	136,482.00
2027	80,000	55,215.20	135,215.20
2028	80,000	53,713.20	133,713.20
2029	80,000	51,984.00	131,984.00
2030	85,000	49,980.36	134,980.36
2031	85,000	47,739.34	132,739.34
2032	85,000	45,413.30	130,413.30
2033	85,000	43,022.68	128,022.68
2034	85,000	40,555.56	125,555.56
2035	90,000	37,948.90	127,948.90
2036	90,000	35,209.76	125,209.76
2037	90,000	32,425.16	122,425.16
2038	95,000	29,345.70	124,345.70
2039	95,000	25,990.30	120,990.30
2040	95,000	22,634.90	117,634.90
2041	100,000	19,191.20	119,191.20
2042	100,000	15,749.70	115,749.70
2043	100,000	12,398.70	112,398.70
2044	105,000	8,963.92	113,963.92
2045	105,000	5,445.38	110,445.38
2046	110,000	1,843.06	111,843.06
TOTALS	\$ 2,080,000	\$ 807,491.52	\$ 2,887,491.52

* The Town receives a subsidy credit to offset interest payments related to the bonds. The subsidy is not included in the figures included herein.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2017			2019		
	Various Improvements			Various Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 330,000	\$ 250,857.86	\$ 580,857.86	\$ 410,000	\$ 452,075.00	\$ 862,075.00
2025	335,000	242,703.02	577,703.02	415,000	443,306.25	858,306.25
2026	345,000	234,424.61	579,424.61	425,000	433,856.25	858,856.25
2027	355,000	225,899.09	580,899.09	435,000	424,181.25	859,181.25
2028	365,000	217,126.43	582,126.43	455,000	414,168.75	869,168.75
2029	380,000	207,605.58	587,605.58	460,000	403,875.00	863,875.00
2030	390,000	197,171.75	587,171.75	475,000	391,575.00	866,575.00
2031	400,000	185,392.52	585,392.52	485,000	377,175.00	862,175.00
2032	410,000	173,311.25	583,311.25	505,000	362,325.00	867,325.00
2033	420,000	159,802.19	579,802.19	525,000	346,875.00	871,875.00
2034	435,000	145,963.65	580,963.65	545,000	330,825.00	875,825.00
2035	450,000	131,630.85	581,630.85	565,000	314,175.00	879,175.00
2036	465,000	116,803.88	581,803.88	585,000	296,925.00	881,925.00
2037	475,000	101,482.64	576,482.64	610,000	279,000.00	889,000.00
2038	490,000	85,831.91	575,831.91	635,000	260,325.00	895,325.00
2039	505,000	69,686.94	574,686.94	655,000	240,975.00	895,975.00
2040	520,000	53,047.76	573,047.76	665,000	221,175.00	886,175.00
2041	535,000	35,914.32	570,914.32	690,000	200,850.00	890,850.00
2042	555,000	18,286.66	573,286.66	715,000	179,775.00	894,775.00
2043	-	-	-	735,000	158,025.00	893,025.00
2044	-	-	-	755,000	135,675.00	890,675.00
2045	-	-	-	780,000	112,650.00	892,650.00
2046	-	-	-	805,000	88,875.00	893,875.00
2047	-	-	-	830,000	64,350.00	894,350.00
2048	-	-	-	850,000	39,150.00	889,150.00
2049	-	-	-	880,000	13,200.00	893,200.00
TOTALS	\$ 8,160,000	\$ 2,852,942.91	\$ 11,012,942.91	\$ 15,890,000	\$ 6,985,362.50	\$ 22,875,362.50

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

This undertaking to provide notice of certain designated events (the “Disclosure Undertaking”) is executed and delivered by the Town of Bethlehem, a town of the State of New York (the “Issuer”) in connection with the issuance of its **\$4,930,000 Bond Anticipation Notes, 2024** (the “Security”). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB) in a timely manner (not in excess of ten business days after the occurrence of any such event) notice of any of the following events with respect to the Security:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;
- (7) Modifications to rights of Security Holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Security, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions

“EMMA” shall mean Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” shall mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

“Purchaser” shall mean the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

“Rule 15c2-12” shall mean Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof.

“Security Holder” shall mean any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Disclosure Undertaking shall not constitute an event of default on the Security.

Section 4. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change; provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. (a) This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as the case may be, do not or no longer apply to the Security, whether because such portions of Rule 15c2-12 are invalid, have been repealed, or otherwise.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Disclosure Undertaking shall constitute the written agreement or contract for the benefit of Security Holders, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Disclosure Undertaking as of **May __, 2024**.

TOWN OF BETHLEHEM

By: /s/ _____
Town Supervisor

TOWN OF BETHLEHEM

AUDITED FINANCIAL REPORT

Fiscal Year Ended December 31, 2022

Such Audited Financial Statement and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

The Town's independent auditor has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Town's independent auditor also has not performed any procedures relating to this Official Statement.



Town of Bethlehem, New York

Basic Financial Statements

December 31, 2022

Town of Bethlehem, New York

Basic Financial Statements

December 31, 2022

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bethlehem, New York (Town) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matters discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the governmental activities of the Town as of December 31, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Discretely Presented Component Unit, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Town of Bethlehem Industrial Development Agency (IDA), a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinions insofar as they relate to the amounts included for the IDA, are based solely on the report of the other auditors.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on Governmental Activities

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

Emphasis of Matter

As discussed in Note 1s to the financial statements, in 2022, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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 Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 16, and the information listed under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining balance sheet – non-major funds and combining statement of revenues, expenditures, and changes in fund balances – non-major funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet – non-major funds and combining statement of revenues, expenditures, and changes in fund balances – non-major funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

BST + Co. CPAs, LLP

Latham, New York
June 22, 2023



Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2022

Management's Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the Town of Bethlehem, New York (Town) for the fiscal year ended December 31, 2022. The MD&A is intended to serve as an introduction to the Town's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The MD&A is designed to (a) assist the reader in focusing on significant financial matters, (b) provide an overview of the Town's financial activities, (c) identify any material changes from the original budget, and (d) highlight individual fund matters. The following presentation is by necessity highly summarized. In order to gain a thorough understanding of the Town's financial condition, the following financial statements, notes and required supplementary information should be reviewed in their entirety.

Financial Highlights

This is the second year in a row that the Town has benefited from a strong economy and other financial variables falling into the Town's favor:

- Sales tax receipts once again exceeded the Town's previous single highest annual total by over \$1.7 million, following a year that had exceeded the previous high by \$1.5 million.
- Despite interest rates, which increased throughout the year, a "seller's housing market," primarily due to low inventory, led to substantial mortgage tax receipts.
- A lack of precipitation during the summer season, and strong industrial sales, led to strong water sales revenues as well as the corresponding sewer charges.
- Throughout the year, many departments in each of the four major funds, encountered difficulties in hiring and/or retaining employees, as compared to before the pandemic, which led to savings in expenditures.

	December 31, 2022			
	General	Highway	Water	Sewer
Final Budgeted Operating Revenue	\$ 23,657,906	\$ 7,480,816	\$ 11,088,555	\$ 4,457,132
Final Budgeted Operating Expenses	(24,069,460)	(7,542,152)	(12,247,142)	(4,518,821)
Budgeted Surplus (Shortfall)	(411,554)	(61,336)	(1,158,587)	(61,689)
Actual Revenue	\$ 27,137,166	\$ 7,604,982	\$ 12,040,795	\$ 4,647,544
Operating Expenses	(21,514,198)	(7,165,603)	(10,774,033)	(4,157,819)
Operating Surplus	5,622,968	439,379	1,266,762	489,725
Capital Fund Transfer	(2,668,092)	(2,171,391)	(659,511)	(1,462,728)
Net Surplus	2,954,876	(1,732,012)	607,251	(973,003)
Total Fund Balance, December 31, 2021	10,138,531	5,088,736	5,684,429	2,961,669
Total Fund Balance, December 31, 2022	\$ 13,093,407	\$ 3,356,724	\$ 6,291,680	\$ 1,988,666
Nonspendable Fund Balance	\$ 1,550,275	\$ 191,844	\$ 73,431	\$ 41,748
Assigned for Retirement	672,196	307,780	126,088	-
Assigned for Capital	1,055,727	854,460	1,294,496	494,243
Assigned Appropriated for Contingency	-	1,978,584	4,106,659	1,328,958
Assigned Appropriated Fund Balance	1,382,250	24,056	691,006	123,717
Unassigned for Contingency	8,432,959	-	-	-
Total Fund Balances	\$ 13,093,407	\$ 3,356,724	\$ 6,291,680	\$ 1,988,666

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2022

Financial Highlights - Continued

General Items of Note for All Funds

Fringe Benefits

The Town employed an average of 207 full-time employees in 2022 (up from 204 in 2021), as well as a total of 181 part-time and seasonal personnel employed throughout the year (down from 188 in 2021). The following schedule provides comparative detail on aggregated fringe benefit costs for current employees:

<u>Fringe Benefits</u>	<u>2022 Actual</u>	<u>2021 Actual</u>	<u>\$ Variance</u>	<u>% Variance</u>
Social Security Taxes	\$ 1,272,147	\$ 1,191,777	\$ 80,370	6.74%
Health and Dental Insurance	2,532,090	2,608,045	(75,955)	-2.91%
Retirement Systems	2,636,517	2,985,455	(348,938)	-11.69%
Workers' Compensation Insurance	849,347	876,014	(26,667)	-3.04%
Life and Short-Term Disability Insurance	20,649	20,506	143	0.70%
Unemployment Insurance	11,380	-	11,380	100.00%
Total	<u>\$ 7,322,130</u>	<u>\$ 7,681,797</u>	<u>\$ (359,667)</u>	<u>-4.68%</u>

Overall, the cost of fringe benefits for current employees decreased from 2021 by \$360 thousand, or 4.68%. The largest change relates to the state retirement system which decreased \$349 thousand. This reduction was driven by an increase in the value of the state's retirement fund at March 31, 2021 as compared to the prior year, which had been depressed due to the COVID-19 pandemic. This caused Town specific ERS and PFRS rates to decrease by an average of 19% and 3%, respectively. Social Security taxes, a function of overall salaries, increased \$80 thousand, or 6.74% due to the combination of greater number of employees during 2022 than 2021 and a 2% overall raise for Town employees on January 1, 2022. However, both increases were offset in part by employee attrition, which saw several higher paid employees terminating, and replaced by younger, lesser paid employees. Lastly, the Town's health insurance costs decreased by \$76 thousand, despite an overall 4% increase in rates, due to fewer employees enrolling in the Town's program. The Town ended 2021 with 161 enrolled employees, while there were 155 in the current year. There was a corresponding offset to this savings that is not identified as a "fringe" cost. This relates to the Town's "Health In-Lieu" payments, which are made through a separate program to compensate employees who choose health coverage elsewhere, using a portion of the savings generated for the Town. The health in-lieu program increased by \$42 thousand over 2021.

Post-Retirement Health Benefits

Retired employees who have met certain eligibility requirements are entitled to receive health care benefits for themselves and their spouses. Those benefits are provided through payments of premiums by participants and the Town to a health insurance company. The Town recognizes the cost of providing these benefits for 199 plans covering retirees and eligible family members, as appropriate, by expensing the annual insurance premiums. The postemployment expense was \$1.1 million for 2022, up from \$1 million in 2021, a 5.2% increase.

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2022

Financial Highlights - Continued

Post-Retirement Health Benefits - Continued

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

Interest Income

A summary of the budgeted bank-earned interest income compared to actual for 2022 is presented in the table below. Note that the Town only budgets for interest income in the operating funds and not in the Capital Reserve funds.

<u>Fund</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
General	\$ 12,706	\$ 103,494	\$ 90,788
Highway	5,988	41,738	35,750
Water	6,653	51,738	45,085
Sewer	4,563	31,949	27,386
Capital Projects	-	2,251	2,251
Total	<u>\$ 29,910</u>	<u>\$ 231,170</u>	<u>\$ 201,260</u>

The interest earnings for 2022 were \$231 thousand, a 579% increase from the 2021 earnings of \$34 thousand. This increase can be attributed in large part to the dramatic increase in rates in 2022 as the Federal Reserve increased the federal borrowing rate seven (7) times. While banks were not paying dramatically higher interest rates than 2021 throughout the year, the Town shifted strategy and invested more heavily in Treasury Bills and Notes. The Town earned \$167 thousand on these investments with an average earnings rate of 1.68% over the course of the year. Additionally, \$30 thousand was earned using the NYCLASS Investment Cooperative, whose rate increased from a daily yield of 0.0351% on January 1, 2022 to 4.0436% by December 31, 2022.

Overview of the Financial Statements

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances in a manner similar to private-sector business.

The statement of net position presents information on all of the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2022

Overview of the Financial Statements - Continued

Government-Wide Financial Statements - Continued

The statement of activities presents information showing changes in the Town's net position during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (for example, uncollected grants and earned but unused vacation leave).

The governmental activities of the Town include general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, and home and community services. The government-wide financial statements can be found on the pages immediately following this MD&A.

Fund Financial Statements

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

Governmental Funds

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

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

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

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2022

Overview of the Financial Statements - Continued

Fiduciary Funds

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

Notes to Financial Statements

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

Government-Wide Financial Analysis

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

	Governmental Activities			
	2022	2021	\$ Change	% Change
Assets				
Cash	\$ 32,856,850	\$ 24,436,559	\$ 8,420,291	34.46%
Receivables	12,153,968	10,962,837	1,191,131	10.87%
Other	4,704,194	1,946,365	2,757,829	141.69%
Capital assets	143,306,838	138,433,702	4,873,136	3.52%
Total assets	193,021,850	175,779,463	17,242,387	9.81%
Deferred outflows of resources	11,911,244	14,984,974	(3,073,730)	-20.51%
Liabilities				
Due within one year	11,218,279	9,847,339	1,370,940	13.92%
Due in more than one year	35,734,460	38,816,677	(3,082,217)	-7.94%
Total liabilities	46,952,739	48,664,016	(1,711,277)	-3.52%
Deferred inflows of resources	18,683,309	16,865,233	1,818,076	10.78%
Net position	\$ 139,297,046	\$ 125,235,188	\$ 14,061,858	11.23%

The Town's 2022 net position increased by \$14.1 million from 2021. Cash increased by \$8.4 million from 2021 due to a combination of factors, including total net excess of revenues and other financing sources over expenditures and other financing uses of \$5.1 million, receipt of \$1.8 million in the second tranche of ARPA funding that has not yet been spent, CHIPS receivable increased \$460 thousand, receipt of a \$350 thousand sewer mitigation fee deposit in 2022 from a commercial entity related to their development within Town that was not spent in 2022, a reduction in receivables by \$1.1 million from 2021 as federal funding for the 9W Roundabout project decreased by \$1.1 million due to the project nearing its completion, and a

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2022

Government-Wide Financial Analysis - Continued

\$556 thousand reduction in capital projects accounts payable related to reduced capital projects activity by year-end 2022 from the prior year. The increase in receivables of \$1.2 million from 2021 is due to the implementation of GASB 87 which created a lease receivable of \$2.3 million, an increase in CHIPS receivable of \$460 thousand, an increase in sales tax receivable of \$411 thousand, and offset by federal funding for the 9W Roundabout project decreasing by \$1.1 million and a decrease in mortgage tax receivable of \$693 thousand. The main contributors to the increase in capital assets from 2021 to 2022 is the addition of \$2.9 million in capital projects related equipment, \$964 thousand spent on the paving program in the Highway fund in 2022, \$353 thousand spent on sidewalks, and spending on MIS software and equipment of \$172 thousand for the Town server upgrade. Deferred outflows of resources on pension net of contributions decreased \$2.6 million from 2021 and were further reduced by the decrease from 2021 in pension contributions subsequent to the measurement date of \$444 thousand.

Furthermore, for the \$1.4 million increase in liabilities due within one year there was a net increase of \$1.3 million in unearned revenue due to the payment of an additional \$1.8 million in ARPA funding in 2022 offset by 2022 ARPA spending of \$531 thousand in conjunction with the maturity of a water facility debt with an annual debt principal payment in 2022 of \$880 thousand offset by increased deposits received due to Town development totaling \$650 thousand. For the \$5.9 million decrease in liabilities due in more than one year, Net Pension Liability (Asset) at December 31, 2022 decreased \$4.5 million from the prior year per the March 31, 2022 valuation provided by New York State Local Retirement System, which presented ERS as 103.65% funded and PFRS as 98.66% funded. Additionally, the non-current portion of Bonds Payable as of December 31, 2022 decreased \$1.4 million from the prior year as this is the amount of principal that will now be due in the subsequent fiscal year. The change in deferred inflows of resources from 2021 is driven by the implementation of GASB 87 which created a new deferred inflow of resources balance of \$2.2 million and is offset by the New York State Retirement System reporting a modest decrease of \$427 thousand in deferred inflows of resources for ERS and PFRS in 2022 as compared to 2021.

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

	Governmental Activities			
	2022	2021	\$ Change	% Change
Revenues				
Program revenues				
Charges for services	\$ 15,485,937	\$ 13,475,044	\$ 2,010,893	14.92%
Operating grants and contributions	1,720,798	1,250,289	470,509	37.63%
Capital grants and contributions	443,016	3,385,434	(2,942,418)	-86.91%
General revenues				
Taxes	32,442,314	30,237,482	2,204,832	7.29%
Other	3,166,011	2,688,928	477,083	17.74%
Total revenues	53,258,076	51,037,177	2,220,899	4.35%
Expenses				
General government support	5,696,631	5,917,279	(220,648)	-3.73%
Public safety	9,124,936	8,747,196	377,740	4.32%
Health	1,416,783	1,379,466	37,317	2.71%
Transportation	6,332,432	6,341,480	(9,048)	-0.14%
Economic opportunity and development	1,065,769	980,326	85,443	8.72%
Culture and recreation	1,668,162	1,500,111	168,051	11.20%
Home and community services	12,831,028	12,007,248	823,780	6.86%
Interest on long-term debt	1,060,477	1,134,674	(74,197)	-6.54%
Total expenses	39,196,218	38,007,780	1,188,438	3.13%
Increase in net position	\$ 14,061,858	\$ 13,029,397	\$ 1,032,461	7.92%

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2022

Government-Wide Financial Analysis - Continued

In 2022, the Town had a \$680 thousand increase in Safety inspection revenue driven primarily by permits from a couple commercial entities engaging in development within the Town. Water usage revenue increased \$976 thousand from 2021 due to increased sales volume during 2022 with about half of this increased demand driven by two commercial customers. The Town recognized \$531 thousand in ARPA revenue for 2022 spending, which is the first fiscal year in which ARPA spending has occurred. As the 9W Roundabout project was in its final stages in 2022, there was a significant decrease in federal aid recognized on this project as this amount decreased from 2021 by \$2.6 million. Sales tax revenues increased \$1.7 million from 2021, which was due to continued positive economic activity from 2021 and compounded by inflationary costs. Furthermore, mortgage tax revenue increased \$110 thousand from 2021 due to relatively low interest rates for a portion of the year and high demand in the local housing market. In addition to this increase, there was an increase in solar electricity revenue from 2021 of \$120 thousand as a result of increased electricity rates, which correlate with the rate of solar credit earnings and are offset by the solar generation expense calculated at a fixed rate. The Town also had an increase in total interest income from cash investments of \$198 thousand due to improved interest rates in 2022 and significant investment in United States treasuries in 2022. Finally, due to the implementation of GASB 87, the Town also had an increase in interest revenue related to leases of \$78 thousand.

Town expenses increased by 3.13% from the prior year. General government support had a decrease in loss on disposal of equipment year over year of \$143 thousand in addition to an increase in police full-time salaries of \$230 thousand. The change in Net Pension Liability/Asset from 2021 to 2022 resulted in a decrease in total Town expenses of \$673 thousand. This decrease is per the NYSLRS reporting for the valuation date of March 31, 2022. Culture and recreation saw an increase in electricity expense for Parks program operations of \$23 thousand, increase in Parks administration personal services costs of \$33 thousand, and an increase in Parks maintenance contractual expenses of \$54 thousand. The increase in home and community services expense is driven by an increase of \$895 thousand in contractual expenses.

The Town's Funds

The Town uses fund accounting to ensure compliance with legal and financial requirements. As the Town completed the year, its governmental funds (as presented in the balance sheet on page 18) reported a combined fund balance of \$35.2 million. General, Highway, Water, & Sewer Funds showed excess of revenues over expenditures before other financing sources (uses).

Items of Note for the General Fund

Total revenues increased approximately \$3.77 million, or 16.1%, from \$23.37 million in 2021 to \$27.14 million in 2022. The primary changes in this fund included:

- Property taxes and PILOT (Payments In Lieu of Taxes) increased by \$226 thousand, or 5.7%, from \$3.94 million to \$4.17 million.
- Sales tax revenues increased by \$1.72 million, from \$14.13 million to \$15.84 million relating to a rebound in the economy.
- Departmental income increased by \$1.06 million, from \$1.78 million to \$2.84 million. This category was led by an increase of \$680 thousand which was primarily due to permitting fees for several large projects throughout Town. Additionally, the Town used \$124 thousand in mitigation fees, which had been held on deposit, obtained through the permitting process, toward the 9W Roundabout project. This was an increase of \$121 thousand over 2021. Further, Town led inspections on development projects increased from \$105 thousand in 2021 to \$227 thousand in 2022, an increase of \$122 thousand. Lastly, the solar array on the Town's former clay mine generated \$121 thousand more than 2021, from \$234 thousand in 2021 to \$356 thousand in 2022, due to a spike in electricity costs.

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2022

The Town's Funds - Continued

Items of Note for the General Fund - Continued

- The Town used Federal ARPA (American Rescue Plan Act) funds in the amount of \$530 thousand of the \$3.6 million award for several projects including, sidewalks of \$342 thousand and a server upgrade project of \$172 thousand.

Total operating expenditures increased by \$1.44 million, or 7.16%, from \$20.08 million in 2021 to \$21.51 million in 2022. Some of the larger drivers included the following:

- Total wages and salaries increased \$591 thousand, from \$9.70 million in 2021 to \$10.29 in 2022, due to two factors, the first is due to a 2% wage increase for all full-time employees, and merit-based step increases for eligible employees of approximately 5%. Also, the Town had fewer vacancies throughout the year as 2022 proved less challenging to find and retain staffing.
- Contractual costs at Town Hall, increased from \$236 thousand in 2021 to \$430 thousand in 2022, an increase of \$193 thousand primarily due to property repairs, led by the replacement of the handicap ramp entrance for the Town Court costing \$119 thousand.
- Fuel costs increased \$86 thousand, and electricity increased \$93 thousand from 2021 to 2022 as fuel and energy costs increased dramatically in 2022.
- As noted in the revenue description above, the Town began using ARPA funding to offset the costs of sidewalk creation, repair, and replacement projects in the amount of \$342 thousand; \$293 thousand more in overall spending for this work than in 2021. Additionally, these funds were used to upgrade the Town's servers in a 2022 project totaling \$172 thousand.

In 2021, the General Fund had a \$230 thousand assigned fund balance in the operating fund to help cover infrastructure and equipment costs identified through the Town's multi-year capital planning process. In 2022, the Town board assigned an additional \$870 thousand of General Fund balance to help cover future capital needs and as part of the Town's fund balance policy. Further, the Town transferred \$45 thousand of assigned fund balance to the General Fund Capital Reserve to pay for projects committed to by Town Board action. The total assigned fund balance, \$1.06 million, will remain in the operating fund, separately identified, until additional projects are authorized by the Town Board.

In September 2019, the Town established a capital reserve fund for the purpose of accumulating funds for the purchase of land and/or development rights in an effort to maintain greenspace within the borders of the Town. These funds are added from two sources: The first is through unsolicited donations, which in 2022 totaled \$589. The second source is provided through an allocation of funds that exceed 20% of the unassigned fund balance in the General Fund at the completion of the previous calendar year. At the end of 2021, that allocation provided an additional \$2 million. With interest earnings of \$1,152 during the year, the total fund balance of the farms and forest fund at the end of 2022 was \$2.24 million.

There were no new debt issuances relating to the General Fund in 2022.

Items of Note for the Highway Fund

In 2012, the Town created a reserve for retirement stabilization in response to significant increases in annual contributions. To date, due to a growing economy and timing of the calculation of the bills, the Town has not had to utilize these funds. As of the end of 2022, the General Fund has maintained a reserve balance of \$672 thousand.

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2022

The Town's Funds - Continued

Items of Note for the Highway Fund - Continued

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

Total revenues increased by \$126 thousand, or 1.68%, from \$7.48 million in 2021 to \$7.61 million in 2022 primarily related to an increase of \$135 thousand in property taxes.

Total expenditures increased by \$549 thousand, or 8.29%, from \$6.62 million in 2021 to \$7.17 million in 2022 primarily due to:

- Increases in salaries and wages increased \$150 thousand due to a 2% wage increase for all full-time employees, as well as merit-based step increases for eligible employees of approximately 5%. Also, the Town had fewer vacancies throughout the year as 2021 proved challenging to find and retain staffing.
- Overtime for Highway staffing fluctuates from year to year based on weather conditions, primarily ice and snow. 2022 saw an increase in expenditure over the prior year of \$68 thousand related to storms early in the year.
- Consistent with the increase in overtime related to ice and snow, salt purchases in 2022 were up \$63 thousand from the prior year.
- Fuel prices jumped during 2022 by over \$2/gallon of diesel and \$1.50/gallon of unleaded, causing an increase in fuel costs of over \$136 thousand over 2021.

In 2021, the Highway Fund had \$2.2 million of assigned fund balance in the operating fund to help cover infrastructure and equipment costs identified through the Town's multi-year capital planning process. In 2022, the Town Board assigned an additional \$845 thousand of Highway Fund operating fund balance to help cover future capital needs as part of the Town's fund balance policy. Further, the Town transferred \$2.18 million of previously assigned fund balance to the Highway Fund Capital Reserve to pay for projects committed to by Town Board action. The total assigned fund balance of \$854 thousand will remain in the operating fund, separately identified, until additional equipment purchases, or projects are authorized by the Town Board.

In 2012, the Town created a reserve for retirement stabilization in response to significant increases in annual contributions. To date, due to a growing economy and timing of the calculation of the bills, the Town has not had to utilize these funds. As of the end of 2022, the Highway Fund has maintained a reserve balance of \$308 thousand.

There were no new debt issuances relating to the Highway Fund in 2022.

Items of Note for the Water Fund

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

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2022

The Town's Funds - Continued

Items of Note for the Water Fund - Continued

The Water Fund's operating revenues increased by \$1.25 million, or 11.6%, from \$10.79 million in 2021 to \$12.04 million in 2022. This was primarily due to an increase in water sales of \$918 thousand, relating to both a consistently dry summer season as well as increased demand by the Town's industrial users.

The Water Fund's operating expenditures increased by \$1.10 million, or 11.33%, from \$9.68 million in 2021 to \$10.77 million in 2022. This was primarily due to:

- An increase in salaries and wages, from \$1.78 million in 2021 to \$1.92 million in 2022, or \$136 thousand, due to a 2% wage increase for all full-time employees, as well as merit-based step increases for eligible employees of approximately 5%. Also, the Town had fewer vacancies throughout the year as 2021 proved challenging to find and retain staffing.
- The cost of chemicals used to purify the Town's water have doubled due to supply chain issues, increasing the cost \$243 thousand from \$211 thousand in 2021 to \$453 thousand in 2022.
- Electricity and fuel costs increased \$160 thousand and \$25 thousand, respectively, as per unit costs exploded in 2022 from \$355 thousand and \$35 thousand to \$515 thousand and \$59 thousand, respectively.
- Other Contractual Services, which are primarily services such as aquatic weed control, Scada programming, fiber agreement, cleaning of high service pumps, HVAC, and flow meter calibrations, increased \$253 thousand, from \$266 thousand in 2021 to \$518 thousand in 2022 due to price increases.

In 2021, the Water Fund had \$986 thousand of assigned fund balance in the operating fund to help cover infrastructure and equipment costs identified through the Town's multi-year capital planning process. In 2022, the Town Board assigned an additional \$968 thousand of Water Fund operating fund balance to help cover future capital needs as part of the Town's fund balance policy. Further, the Town transferred \$660 thousand of previously assigned fund balance to the Water Fund Capital Reserve to pay for approved projects. The total assigned fund balance of \$1.29 million will remain in the operating fund, separately identified, until additional equipment purchases, or projects are authorized by the Town Board.

In 2012, the Town created a reserve for retirement stabilization in response to significant increases in annual contributions. To date, due to a growing economy and timing of the calculation of the bills, the Town has not had to utilize these funds. As of the end of 2022, the Water Fund has maintained a reserve balance of \$126 thousand.

There were no new debt issuances relating to the Water Fund in 2022.

Items of Note for the Sewer Fund

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

The Sewer Fund's operating revenue increased by \$96 thousand, or 2.12%, increasing from \$4.55 million in 2021 to \$4.65 million in 2022. This was due primarily to three changes in revenue: Real property taxes increased \$24 thousand, from \$1.11 million to \$1.13 million, sewer charges increased \$47 thousand, from \$3.43 million to \$3.47 million, and interest earnings increased \$25 thousand, from \$7 thousand to \$32 thousand.

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2022

The Town's Funds - Continued

Items of Note for the Sewer Fund - Continued

The Sewer Fund's operating expenditures increased by \$126 thousand, or 3.12% increasing from \$4.03 million in 2021 to \$4.16 million in 2022. This was primarily due to timing of sewer main work, which increased \$98 thousand over the prior year.

In 2021, the Sewer Fund had \$1.48 million of assigned fund balance in the operating fund to help cover infrastructure and equipment costs identified through the Town's multi-year capital planning process. In 2022, the Town Board assigned an additional \$476 thousand of Sewer Fund operating fund balance to help cover future capital needs as part of the Town's fund balance policy. Further, the Town transferred \$1.46 million of previously assigned fund balance to the Sewer Fund Capital Reserve to pay for projects committed to by Town Board action. The total assigned fund balance of \$494 thousand will remain in the operating fund, separately identified, until additional equipment purchases, or projects are authorized by the Town Board.

There were no new debt issuances relating to the Sewer Fund in 2022.

Analysis of Fund Balance

In 2012, the Town passed a comprehensive fund balance policy that provided guidance for minimum (7.5%), maximum (20%), and optimal levels (15%) at which the operating fund reserves should be held. The following chart summarizes the projected fund balance activity through the end of 2022, along with a calculation showing where the fund balances are as compared to this policy.

The projected 2022 levels for the operating funds indicate sufficient net assets to fund current budgetary requirements. Consistent with Town policy, balances held above the ceiling of 20% are identified in the infrastructure reserve and will be moved to the appropriate capital reserve accounts in 2022.

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

	<u>General</u>	<u>Highway</u>	<u>Water</u>	<u>Sewer</u>
Fund Balance, December 31, 2022	\$ 13,093,407	\$ 3,356,724	\$ 6,291,680	\$ 1,988,666
Less:				
Prior Year Encumbrances	1,382,250	24,056	691,006	123,717
Retirement Contribution Reserve	672,196	307,780	126,088	-
Capital Reserve Appropriation	1,055,727	854,460	1,294,496	494,243
Nonspendable Fund Balance	1,550,275	191,844	73,431	41,748
Infrastructure Reserve (2022)	3,295,607	403,605	1,877,079	398,860
Farms & Forest Fund Reserve	500,000	-	-	-
Projected Unassigned Balance, December 31, 2023	<u>4,637,352</u>	<u>1,574,979</u>	<u>2,229,580</u>	<u>930,098</u>
2023 Budgeted Appropriations	<u>23,186,760</u>	<u>7,874,896</u>	<u>11,147,899</u>	<u>4,650,490</u>
Percent of Appropriations	<u>20.00%</u>	<u>20.00%</u>	<u>20.00%</u>	<u>20.00%</u>
Floor - 7.5% of Budgeted Appropriations	\$ 1,739,007	\$ 590,617	\$ 836,092	\$ 348,787
Optimal - 15% of Budgeted Appropriations	3,478,014	1,181,234	1,672,185	697,574
Ceiling - 20% of Budgeted Appropriations	4,637,352	1,574,979	2,229,580	930,098

Capital Asset and Debt Administration

Capital Assets

As of 2022, the Town has \$143.31 million invested in a broad range of capital assets, including land, buildings, improvements, machinery and equipment, and infrastructure, which primarily includes roads, water lines and sewer lines. This amount represents a \$4.9 million increase compared to the prior year.

Town of Bethlehem, New York

Management's Discussion and Analysis December 31, 2022

Capital Asset and Debt Administration

Summary of Long-Term Liabilities

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

	<u>2022</u>	<u>2021</u>
Serial bonds	\$ 36,395,000	\$ 38,620,000
Net pension liability (asset)	(2,846,896)	1,697,841
Compensated absences	1,609,196	1,627,617
Landfill closure and post-closure	100,000	100,000
Judgments and claims	10,000	-
Total long-term debt	<u>\$ 35,267,300</u>	<u>\$ 42,045,458</u>

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

Economic Factors Affecting the Town

According to the New York State Department of Labor, the 2022 unemployment rate for Albany County was 2.5%, compared to 2.6% in 2021. This rate is lower than the 2022 United States unemployment rate of 3.3%, per the U.S. Bureau of Labor Statistics. The State of New York represents a major employer in the Capital Region, which has provided some stability from significant financial downturns impacted in the United States in years past.

Like all local governments in New York State, the Town is subject to the state's tax cap. The allowable levy growth factor for 2022 property taxes was 2.00% for the Town with an additional tax base growth factor of 1.23%. The published allowable levy growth factor for the 2023 period was remained at 2.0% with an additional tax base growth factor of 0.79%. The Town's adherence to these modest tax increases remains a challenge, given State mandates, negotiated wage increases, healthcare cost increases and other inflationary pressures.

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

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances for all those having an interest and should be considered along with the annual audit report, including the related footnotes. Questions concerning any of the information provided in this report may be addressed to:

David VanLuven, Town Supervisor
or
Michael Cohen, CPA, Comptroller
Town of Bethlehem
445 Delaware Avenue
Delmar, NY 12054

Town of Bethlehem, New York

Statement of Net Position

	December 31, 2022	
	Primary Government Governmental Activities	Component Unit
ASSETS		
Cash	\$ 32,856,850	\$ 1,212,084
Receivables		
Accounts	3,643,329	40,394
State and federal governments	1,499,427	-
Due from other governments	4,695,327	-
Leases	2,315,885	-
Inventory	227,905	-
Prepaid expenses	1,629,393	-
Net pension asset	2,846,896	-
Capital assets	143,306,838	-
Total assets	193,021,850	1,252,478
DEFERRED OUTFLOWS OF RESOURCES	11,911,244	-
LIABILITIES		
Accounts payable	1,782,747	-
Accrued liabilities	1,062,865	2,110
Due to other governments	638,048	-
Unearned revenue	5,354,883	-
Long-term liabilities		
Due within one year	2,379,736	-
Due in more than one year	35,734,460	-
Total liabilities	46,952,739	2,110
DEFERRED INFLOWS OF RESOURCES		
Pension resources	16,438,551	-
Leases	2,244,758	-
Total deferred inflows of resources	18,683,309	-
NET POSITION		
Net investment in capital assets	106,911,838	-
Restricted	10,563,488	-
Unrestricted	21,821,720	1,250,368
	\$ 139,297,046	\$ 1,250,368

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit
Governmental Activities						
General government support	\$ 5,696,631	\$ 417,367	\$ 1,074	\$ -	\$ (5,278,190)	\$ -
Public safety	9,124,936	1,027,422	41,338	169,550	(7,886,626)	-
Health	1,416,783	-	-	-	(1,416,783)	-
Transportation	6,332,432	233,566	677,897	253,492	(5,167,477)	-
Economic opportunity and development	1,065,769	61,931	1,000,489	-	(3,349)	-
Culture and recreation	1,668,162	579,123	-	-	(1,089,039)	-
Home and community services	12,831,028	13,166,528	-	19,974	355,474	-
Interest on long-term debt	1,060,477	-	-	-	(1,060,477)	-
	<u>\$ 39,196,218</u>	<u>\$ 15,485,937</u>	<u>\$ 1,720,798</u>	<u>\$ 443,016</u>	<u>(21,546,467)</u>	<u>-</u>
Component Unit						808,550
	<u>\$ 129,938</u>	<u>\$ 938,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	
GENERAL REVENUES						
					15,947,366	-
					16,494,948	-
					1,835,138	-
					1,330,873	2,270
					<u>35,608,325</u>	<u>2,270</u>
CHANGE IN NET POSITION					14,061,858	810,820
NET POSITION, beginning of the year					125,235,188	439,548
NET POSITION, end of the year					<u>\$ 139,297,046</u>	<u>\$ 1,250,368</u>

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

Balance Sheet - Governmental Funds

December 31, 2022

	Major Funds					Other Governmental	Total
	General	Highway	Water	Sewer	Capital Projects		
ASSETS							
Cash	\$ 13,236,096	\$ 2,963,089	\$ 4,628,332	\$ 1,952,582	\$ 9,557,162	\$ 519,589	\$ 32,856,850
Accounts receivable	396,653	9,002	2,136,947	986,326	114,401	-	3,643,329
State and federal receivables	4,586	460,077	-	-	1,034,764	-	1,499,427
Due from other governments	4,319,648	-	229,992	145,687	-	-	4,695,327
Leases receivable	-	-	2,315,885	-	-	-	2,315,885
Inventory	102,187	118,269	7,449	-	-	-	227,905
Prepaid expenses	1,448,088	73,575	65,982	41,748	-	-	1,629,393
	19,507,258	3,624,012	9,384,587	3,126,343	10,706,327	519,589	46,868,116
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 402,875	\$ 92,145	\$ 457,797	\$ 200,819	\$ 620,942	\$ 8,169	1,782,747
Accrued liabilities	721,483	175,143	103,529	62,710	-	-	1,062,865
Due to other governments	638,048	-	-	-	-	-	638,048
Unearned revenue	4,651,445	-	-	670,121	-	33,317	5,354,883
Total liabilities	<u>6,413,851</u>	<u>267,288</u>	<u>561,326</u>	<u>933,650</u>	<u>620,942</u>	<u>41,486</u>	<u>8,838,543</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable departmental income	-	-	286,823	204,027	-	-	490,850
Leases	-	-	2,244,758	-	-	-	2,244,758
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>2,531,581</u>	<u>204,027</u>	<u>-</u>	<u>-</u>	<u>2,735,608</u>
FUND BALANCE							
Nonspendable	1,550,275	191,844	73,431	41,748	-	-	1,857,298
Restricted	-	-	-	-	10,085,385	478,103	10,563,488
Assigned	3,110,173	3,164,880	6,218,249	1,946,918	-	-	14,440,220
Unassigned	8,432,959	-	-	-	-	-	8,432,959
Total fund balance	<u>13,093,407</u>	<u>3,356,724</u>	<u>6,291,680</u>	<u>1,988,666</u>	<u>10,085,385</u>	<u>478,103</u>	<u>35,293,965</u>
	\$ 19,507,258	\$ 3,624,012	\$ 9,384,587	\$ 3,126,343	\$ 10,706,327	\$ 519,589	\$ 46,868,116

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

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

	<u>December 31, 2022</u>
Total fund balance - governmental funds	\$ 35,293,965
Amounts reported for government activities in the statement of net position are different because:	
Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.	143,306,838
Deferred inflows of resources related to the Town's revenues that will be collected after year-end, but are not available soon enough to pay for the current period's expenditures are deferred in the funds.	490,850
Pension contributions subsequent to the measurement date are reported as deferred outflows of resources in the statement of net position:	
Total pension contribution subsequent to the measurement date	1,856,346
Deferred inflows and outflows of resources related to pensions are not reported in the funds	
Deferred outflows of pension resources	10,054,898
Deferred inflows of pension resources	(16,438,551)
	(6,383,653)
Some assets (liabilities), listed below are not due and payable/available in the current period and therefore are not reported in the funds:	
Bonds payable	(36,395,000)
Net pension asset	2,846,896
Claims payable	(10,000)
Landfill postclosure costs	(100,000)
Compensated absences	(1,609,196)
	<u>(35,267,300)</u>
Total net position - governmental activities	<u>\$ 139,297,046</u>

Town of Bethlehem, New York

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

	Year Ended December 31, 2022					
	Major Funds					
	General	Highway	Water	Sewer	Capital Projects	Other Governmental
REVENUES						
Real property taxes	\$ 4,020,893	\$ 6,614,927	\$ 2,394,266	\$ 1,130,970	\$ -	\$ 1,416,783
Real property tax items	147,378	222,150	-	-	-	-
Non-property tax items	16,494,948	-	-	-	-	-
Departmental Income	2,849,044	-	9,128,761	3,472,263	-	98,650
Intergovernmental charges	34,775	6,106	-	-	-	-
Use of money and property	169,572	41,738	396,739	31,949	2,251	-
Licenses and permits	34,263	-	-	-	-	-
Fines and forfeitures	216,644	-	-	-	-	-
Sales of property and compensation for loss	167,133	21,031	120,294	12,362	-	-
Miscellaneous local sources	10,878	11	735	-	589	-
Interfund Revenues	583,434	21,122	-	-	-	-
State aid	1,836,212	677,897	-	25,674	-	-
Federal aid	571,992	-	-	417,342	-	469,835
Total revenues	<u>27,137,166</u>	<u>7,604,982</u>	<u>12,040,795</u>	<u>4,647,544</u>	<u>445,856</u>	<u>1,985,288</u>
EXPENDITURES						
General government support	\$ 4,400,889	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	6,883,133	-	-	-	186,900	-
Health	-	-	-	-	-	1,416,783
Transportation	1,079,289	5,304,659	-	-	2,012,481	-
Economic opportunity and development	496,817	-	-	-	-	457,135
Culture and recreation	1,542,731	-	-	-	59,459	3,000
Home and community services	1,438,300	-	7,748,914	3,034,249	1,057,610	-
Employee benefits	5,195,883	1,597,916	1,037,063	566,333	-	-
Debt service	-	-	-	-	-	-
Principal	269,256	173,523	1,426,755	355,466	-	-
Interest	207,900	89,505	561,301	201,771	-	-
Total expenditures	<u>21,514,198</u>	<u>7,165,603</u>	<u>10,774,033</u>	<u>4,157,819</u>	<u>3,316,450</u>	<u>1,876,918</u>
Excess (deficiency) of revenues over expenditures	<u>5,622,968</u>	<u>439,379</u>	<u>1,266,762</u>	<u>489,725</u>	<u>(2,870,594)</u>	<u>108,350</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	6,961,722	-
Transfers out	(2,668,092)	(2,171,391)	(659,511)	(1,462,728)	-	-
Total other financing sources (uses)	<u>(2,668,092)</u>	<u>(2,171,391)</u>	<u>(659,511)</u>	<u>(1,462,728)</u>	<u>6,961,722</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>2,954,876</u>	<u>(1,732,012)</u>	<u>607,251</u>	<u>(973,003)</u>	<u>4,091,128</u>	<u>108,350</u>
FUND BALANCE, beginning of year	10,138,531	5,088,736	5,684,429	2,961,669	5,994,257	369,753
FUND BALANCE, end of year	<u>\$ 13,093,407</u>	<u>\$ 3,356,724</u>	<u>\$ 6,291,680</u>	<u>\$ 1,988,666</u>	<u>\$ 10,085,385</u>	<u>\$ 478,103</u>
						<u>\$ 35,293,965</u>

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

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

	Year Ended December 31, 2022
Net change in fund balance - total governmental funds	\$ 5,056,590
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds, and the sale of capital assets is recorded as revenue in governmental funds. However, in the statement of activities, the cost of capital assets is reported as assets, while disposals, net of sale proceeds are reported as expenses. In the current period, these amounts are:	
Purchase of assets	5,457,031
Disposal of capital assets	(583,895)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of proceeds and repayments:	4,873,136
Repayment of principal	2,225,000
Increase in revenues in the statement of activities that does not increase current financial resources are not reported in the funds.	1,023
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported in the funds:	
General government support	454,064
Public safety	621,641
Transportation	339,059
Economic opportunity and development	33,799
Culture and recreation	61,887
Home and community services	395,659
Change in net position of governmental activities	1,906,109
	\$ 14,061,858

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

Statement of Fiduciary Net Position

	<u>December 31,</u> <u>2022</u>
	<u>Custodial</u>
	<u>Fund</u>
Assets	
Cash	<u>\$ 2,000</u>
Net Position	
Restricted for:	
Bail	<u>\$ 2,000</u>

Town of Bethlehem, New York

Statement of Changes in Fiduciary Net Position

	December 31, 2022
	Custodial Fund
	<hr/>
Additions	
Tax Collected	\$ 21,606,560
Bail Collected	3,000
Total additions	<hr/> 21,609,560 <hr/>
Deductions	
Taxes Remitted	21,606,560
Bail returned to bailees	2,725
Total deductions	<hr/> 21,609,285 <hr/>
Net increase in fiduciary net position	275
Net position - <i>beginning of year</i>	<hr/> 1,725 <hr/>
Net position - <i>end of year</i>	<hr/> \$ 2,000 <hr/>

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

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

The Town provides the following basic services: public safety, parks and recreation, sewer, water, lighting, highway maintenance, planning/zoning and other general government services.

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

b. Financial Reporting Entity

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

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

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

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

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

c. Basis of Presentation

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

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

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

c. Basis of Presentation - Continued

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

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

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

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

d. Government-Wide and Fund Financial Statements

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

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

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

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

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

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

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

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

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

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

Major Funds

- General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- Highway Fund is a special revenue fund used to account for revenues and expenditures for highway purposes in accordance with Section 141 of the Highway Law.
- Water District Fund is a special revenue fund used to account for the revenues and expenditures associated with providing water treatment and transportation.
- Sewer District Fund is a special revenue fund used to account for the revenues and expenditures associated with providing sewage treatment services in the Town's twelve operating districts.
- Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. Financing is generally provided from excess reserves in operating funds, proceeds of bonds, notes, and/or federal and state grants.

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

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

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

Non-Major Funds

- Ambulance District Fund is a special revenue fund that covers the entire Town. The District levies taxes on property owners within the District. Expenditures are made for providing ambulance service and advanced life support.
- Special Grant Fund is a special revenue fund used to account for two federal programs: The first is resources received to operate a public housing program for eligible low-income families and the elderly through an authorized public housing agency and other grant funds. The second is for resources received and distributed to encourage development activities within the Town that create or retain jobs for low and moderate income people.
- Special Miscellaneous Revenue Fund is a special revenue fund used to account for the receipt of developer fees to finance improvements within specific areas of the Town.

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

f. Estimates

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

g. Property Taxes, Accounts and Other Receivables

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

Accounts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts, if any, by identifying troubled accounts and by using historical experience applied to an aging of accounts. No allowance was deemed necessary at December 31, 2022.

h. Inventory

The Town's inventory consists of salt used on roadways, fuel, information technology supplies, and EZ Pass units. Inventory is reported in the fund financial statements and statement of net position at the lower of cost or net realizable value, on a first-in first-out basis. Inventory expected to be used in the Town's normal operations is expensed as consumed. Damaged and obsolete inventory is evaluated by management on a periodic basis.

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

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

i. Interfund Transactions

During the course of operations, the Town processes several transactions that affect more than one fund and other transactions between the various funds. Interfund services provided and used are accounted for as revenues in the provider funds and expenditures or expenses in the user funds.

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Advances or loans from one fund to another are recorded as receivables in the remitting fund and payables in the receiving fund. Other interfund transactions generally represent transfers of resources from one fund to be utilized in another fund and are reported as transfers. Interfund transactions that are unpaid between funds are recorded in the financial statements as due from other funds (receivables) and due to other funds (payables).

j. Capital Assets

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

k. Deferred Outflows/Inflows of Resources and Unearned Revenue

When potential revenues do not meet the availability criterion for recognition in the current period, these amounts are recorded as deferred inflows of resources in the governmental funds. In subsequent periods, when the availability criterion is met, deferred inflows of resources are recognized as revenues (See Note 8).

The Town also reports deferred outflows and inflows of resources related to leases (See Note 5) and various pension transactions (See Note 10).

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

l. Compensated Absences

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

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

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

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

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

m. Pensions

The Town is a participating employer in the New York State and Local Retirement System (System). Employees in permanent positions are required to enroll in the System, and employees in part-time or seasonal positions have the option of enrolling in the System. The System is a cost sharing, multiple employer, public employee defined benefit retirement system. The impact on the Town's financial position and results of operations due to its participation in the System is more fully disclosed in Note 10.

n. Other Postemployment Benefits (OPEB)

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

The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. Postretirement benefits were provided to 199 individuals, at a cost of \$1,075,065 for the year ended December 31, 2022.

o. Landfill Post-Closure Costs

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

p. Deferred Compensation Plan

Employees of the Town may elect to participate in New York State's Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

q. Long-Term Debt Obligations

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

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

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

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

r. Net Position and Fund Balance

The following terms are used in reporting net position:

- Net Investment in Capital Assets consists of capital assets, including restricted capital assets, reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position is reported when constraints placed on the use of resources are either:
 - Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted components of net position described above.

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

- Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact.
- Restricted – Amounts that have restraints that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.
- Assigned – Amounts that are constrained only by the government's intent to be used for a specified purpose but are not restricted or committed in any manner.
- Unassigned – The residual amount in the General Fund after all of the other classifications have been established. In a Special Revenue Fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

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

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

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

s. Adoption of a New Accounting Standard

Effective January 1, 2022, the Town implemented the provisions of GASB Statement No. 87, *Leases* (GASB 87). The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement established a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The adoption of GASB 87 resulted in recording a lease receivable and deferred inflow of resources of \$2,510,654 as of January 1, 2022.

t. Subsequent Events

The Town has evaluated subsequent events for potential recognition or disclosure through June 22, 2023, the date the financial statements were available to be issued.

Note 2 - Cash and Investments

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

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

At year end, the book balance of the Town's Government Wide deposits total \$32,854,701 (excluding \$2,150 in petty cash), and the bank balance was \$31,151,048. The insured and collateral status of the bank balance was as follows:

Federally insured	\$ 2,252,593
Collateralized with securities held by a third-party custodian for the benefit of the Town pursuant to third-party custody agreement	<u>28,898,455</u>
	<u><u>\$ 31,151,048</u></u>

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

State and federal receivables consist of the following:

	General	Highway	Capital	Total
State and federal receivables				
Due from New York State	\$ -	\$ 460,077	\$ 755,700	\$ 1,215,777
Due from federal government	<u>4,586</u>	<u>-</u>	<u>279,064</u>	<u>283,650</u>
	<u><u>4,586</u></u>	<u><u>460,077</u></u>	<u><u>1,034,764</u></u>	<u><u>1,499,427</u></u>

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

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

Due from other governments is composed of the following:

	General	Water	Sewer	Total
Due from other governments				
Albany County				
Sales tax	\$ 4,287,396	\$ -	\$ -	4,287,396
Water/Sewer relievis	-	216,507	145,687	362,194
Other	32,252	13,485	-	45,737
	\$ 4,319,648	\$ 229,992	\$ 145,687	\$ 4,695,327

Amounts due to other governments consist of the following balances:

	General
Albany County - EMS Services	\$ 623,142
Fire Districts	81
New York State - Justice Court Receipts	14,825
	\$ 638,048

Note 4 - Capital Assets

A summary of changes in capital assets is as follows:

	Balance at January 1, 2022	Additions	Disposals	Balance at December 31, 2022
Land	\$ 2,361,370	\$ 30,000	\$ -	\$ 2,391,370
Buildings	44,282,254	260,649	-	44,542,903
Improvements	18,280,274	140,304	6,799	18,413,779
Machinery and equipment	30,059,607	2,196,666	577,096	31,679,177
Infrastructure	43,450,197	2,829,412	-	46,279,609
Total capital assets	\$ 138,433,702	\$ 5,457,031	\$ 583,895	\$ 143,306,838

Note 5 - Leases

The Town has entered into various leases with terms ending between 2023 and 2041 as the Lessor with various cellular network providers. An initial lease receivable and deferred inflow of resources were recorded in the amount of \$2,510,654. As of December 31, 2022, the value of the lease receivable and deferred inflow of resources was \$2,315,885 and \$2,244,758, respectively. The lessees are required to make annual and monthly payments of various amounts which increase over the terms of their respective leases. The leases contain lessee renewal options that are reasonably certain to be exercised. The lease did not contain a provision for interest and the lessees' incremental rates were not readily determinable; accordingly, the Town estimated its incremental borrowing rate as of January 1, 2022 to be 3.32%.

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

Note 5 - Leases - Continued

The Town recognized lease revenue and related interest revenue of \$265,896 and \$79,645, respectively, for the year ended December 31, 2022. These are included in use of money and property on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds and other revenues on the Statement of Activities.

Future annual lease payments under these leases are as follows:

	Principal	Interest	Total
For the year ending December 31,			
2023	\$ 144,459	\$ 74,717	\$ 219,176
2024	156,603	69,733	226,336
2025	167,473	64,370	231,843
2026	171,581	58,647	230,228
2027	146,005	53,435	199,440
2028 through 2032	865,826	184,069	1,049,895
2033 through 2037	503,252	69,988	573,240
2038 through 2041	160,686	6,873	167,559
	\$ 2,315,885	\$ 581,832	\$ 2,897,717

Note 6 - Long-Term Liabilities

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

	Year Ended December 31, 2022					Total
	Landfill Post-Closure Costs	Bonds Payable	Judgments and Claims	Net Pension Liability (Asset)	Compensated Absences	
Balance, beginning of year	\$ 100,000	\$ 38,620,000	\$ -	\$ 1,697,841	\$ 1,627,617	\$ 42,045,458
Additions/issues	-	-	-	1,159,747	-	1,159,747
Redeemed	-	(2,225,000)	-	(5,704,484)	-	(7,929,484)
Other increase/(decrease)	-	-	10,000	-	(18,421)	(8,421)
Balance, end of year	100,000	36,395,000	10,000	(2,846,896)	1,609,196	35,267,300
Current portion	\$ -	\$ 1,375,000	\$ -	\$ -	\$ 1,004,736	\$ 2,379,736
Non-current portion	100,000	35,020,000	10,000	(2,846,896)	604,460	32,887,564
	\$ 100,000	\$ 36,395,000	\$ 10,000	\$ (2,846,896)	\$ 1,609,196	\$ 35,267,300

See Note 10 for discussion of the net pension liability (asset), pension deferred outflows of resources and deferred inflows of resources.

a. Bonds Payable

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

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

Note 6 - Long-Term Liabilities - Continued

a. Bonds Payable - Continued

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

	Original Issuance	Original Amount	Interest Rate	Final Maturity	December 31, 2022 Outstanding
General, Highway, Water, and Sewer	2015	5,912,058	2.000%	2034	4,115,000
General, Water, and Sewer	2016	6,455,000	4.000%	2037	5,350,000
Sewer	2016	2,600,000	0.550%	2046	2,155,000
General, Highway, Water, and Sewer	2017	9,992,241	2.250%	2042	8,480,000
General, Highway, and Water	2019	17,227,100	2.950%	2049	16,295,000
					<u>\$ 36,395,000</u>

Aggregate minimum maturities of debt service are as follows:

	Principal	Interest	Total
For the year ending December 31,			
2023	\$ 1,375,000	\$ 1,006,158	\$ 2,381,158
2024	1,415,000	972,961	2,387,961
2025	1,440,000	938,104	2,378,104
2026	1,485,000	901,264	2,386,264
2027	1,520,000	865,680	2,385,680
2028 through 2032	8,295,000	3,710,299	12,005,299
2033 through 2037	8,360,000	2,486,352	10,846,352
2038 through 2042	6,450,000	1,407,728	7,857,728
2043 through 2047	4,325,000	573,901	4,898,901
2048 through 2049	1,730,000	52,350	1,782,350
	<u>\$ 36,395,000</u>	<u>\$ 12,914,797</u>	<u>\$ 49,309,797</u>

b. Judgments and Claims

The Town has been named a defendant in various actions. A review of these actions with the Town's Attorney indicates that the risk of loss to the Town is reasonably possible for certain cases. The estimated loss for those cases is up to \$10,000. Provisions for losses of those cases are recorded in the statement of net position.

c. Landfill Post-Closure Costs

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

d. Compensated Absences

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

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

Note 7 - Unearned Revenue

Unearned revenue consists of the following:

	Customer Deposits	Restricted Gifts	ARPA	Other	Total
General	\$ 538,792	\$ 176,754	\$ 3,048,309	\$ 887,590	\$ 4,651,445
Sewer	15,000	-	-	655,121	670,121
Special Grant	-	-	-	33,317	33,317
	\$ 553,792	\$ 176,754	\$ 3,048,309	\$ 1,576,028	\$ 5,354,883

Coronavirus State and Local Fiscal Recovery Funds received under the American Rescue Plan Act (ARPA) for which qualifying expenditures have not been incurred, are reported as unearned revenues in the financial statements.

Note 8 - Deferred Inflows of Resources

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

	Departmental Income
Water	\$ 286,823
Sewer	204,027
	\$ 490,850

Note 9 - Interfund Transactions

During the course of operations, the Town has numerous transactions between funds, including expenditures and transfers of revenue to purchase and construct assets. For the year ended December 31, 2022, interfund receivables, payables, revenues, and expenses arising from these transactions were as follows:

	Transfers-In	Transfers-Out
General	\$ -	\$ 2,668,092
Highway	-	2,171,391
Water	-	659,511
Sewer	-	1,462,728
Capital Projects	6,961,722	-
	\$ 6,961,722	\$ 6,961,722

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

Note 10 - Retirement System

a. Plan Description and Benefits Provided

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

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

b. Contributions

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

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

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

	ERS	PFRS	Total
2022	\$ 1,335,761	\$ 1,139,441	\$ 2,475,202
2021	1,837,327	1,230,458	3,067,785
2020	1,719,886	1,084,314	2,804,200

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

At December 31, 2022, the Town reported an asset of \$2,846,896 for its proportionate share of the net pension asset of the System in the statement of net position. The net pension asset was measured as of March 31, 2022, and the total pension liability was determined by an actuarial valuation as of April 1, 2021. The Town's proportion of the net pension asset was based on the ratio of its actuarially determined employer contribution to the System's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2022 measurement date, the Town's proportionate share of ERS and PFRS was 0.0415165% and 0.0962786%, respectively.

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

Note 10 - Retirement System - Continued

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

For the year ended December 31, 2022, the Town recognized pension expense of \$2,636,517 in the government wide financial statements. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources as follows:

	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 257,017	\$ (333,366)	\$ 294,841	\$ -
Changes of assumptions	5,663,874	(95,572)	3,273,347	-
Net differences between projected and actual investment earnings on pension plan investments	-	(11,113,278)	-	(4,595,434)
Changes in proportion and differences between employer contributions and proportionate share of contributions	184,499	(244,476)	381,320	(56,425)
Contributions subsequent to the measurement date	1,001,765	-	854,581	-
Total	<u>\$ 7,107,155</u>	<u>\$ (11,786,692)</u>	<u>\$ 4,804,089</u>	<u>\$ (4,651,859)</u>

Town contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ending December 31, 2023. Other amounts recognized as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	PFRS
Year ending December 31,		
2023	(887,998)	(130,270)
2024	(1,278,281)	(289,904)
2025	(2,928,605)	(1,005,863)
2026	(586,418)	677,023
2027	-	46,663
Total	<u>\$ (5,681,302)</u>	<u>\$ (702,351)</u>

d. Actuarial Assumptions

The actuarial assumptions used in the April 1, 2021 valuation, with updated procedures used to roll forward the total pension liability to March 31, 2022, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

	ERS	PFRS
Investment rate of return (net of investment expense, including inflation)	5.90%	5.90%
Salary scale	4.40%	6.20%
Inflation rate	2.70%	2.70%
Cost of living adjustment	1.40%	1.40%

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

Note 10 - Retirement System - Continued

d. Actuarial Assumptions - Continued

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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

e. Investment Asset Allocation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	32.00%	3.30%
International equity	15.00%	5.85%
Private equity	10.00%	6.50%
Real estate	9.00%	5.00%
Absolute return strategies	3.00%	4.10%
Credit	4.00%	3.78%
Real assets	3.00%	5.58%
Fixed Income	23.00%	0.00%
Cash	1.00%	-1.00%
	100.00%	

f. Discount Rate

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

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

Note 10 - Retirement System - Continued

g. Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption

The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9% and the impact of using a discount rate that is 1% higher or lower than the current rate:

	ERS		
	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Town's proportionate share of the net pension liability (asset)	\$ 8,735,608	\$ (3,393,801)	\$ (13,539,467)
	PFRS		
	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Town's proportionate share of the net pension liability (asset)	\$ 6,083,478	\$ 546,905	\$ (4,035,907)

h. Pension Plan Fiduciary Net Position

The components of the net pension liability (asset) of the employers participating in the System as of March 31, 2022, were as follows (amounts in thousands):

	ERS	PFRS	Total
Employers' total pension liability	\$ 223,874,888	\$ 42,237,292	\$ 266,112,180
Plan net position	232,049,473	41,669,250	273,718,723
Employers' net pension liability (asset)	\$ (8,174,585)	\$ 568,042	\$ (7,606,543)
Ratio of plan net position to the employers' total pension liability	103.65%	98.66%	102.86%

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

Note 11 - Fund Balances

Fund balances are detailed as follows:

	General	Highway	Water	Sewer	Capital Projects	Non-Major Funds
Nonspendable						
Inventory	\$ 102,187	\$ 118,269	\$ 7,449	\$ -	\$ -	\$ -
Prepaid	1,448,088	73,575	65,982	41,748	-	-
	<u>1,550,275</u>	<u>191,844</u>	<u>73,431</u>	<u>41,748</u>	<u>-</u>	<u>-</u>
Restricted						
Capital reserve	-	-	-	-	9,790,793	-
Bond proceeds - capital	-	-	-	-	102,959	-
Landfill post-closure	-	-	-	-	191,633	-
Parklands	-	-	-	-	-	461,294
Section 8	-	-	-	-	-	16,809
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,085,385</u>	<u>478,103</u>
Assigned						
Encumbrances	1,382,250	24,056	691,006	123,717	-	-
Capital reserve	1,055,727	854,460	1,294,496	494,243	-	-
Retirement contribution	672,196	307,780	126,088	-	-	-
Highway Fund	-	1,978,584	-	-	-	-
Water Fund	-	-	4,106,659	-	-	-
Sewer Fund	-	-	-	1,328,958	-	-
	<u>3,110,173</u>	<u>3,164,880</u>	<u>6,218,249</u>	<u>1,946,918</u>	<u>-</u>	<u>-</u>
Unassigned						
	<u>8,432,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,093,407</u>	<u>\$ 3,356,724</u>	<u>\$ 6,291,680</u>	<u>\$ 1,988,666</u>	<u>\$ 10,085,385</u>	<u>\$ 478,103</u>

Restricted Fund Balance

The Town has established capital reserves pursuant to General Municipal Law (GML), Section 6-C, within the capital projects fund. In addition, the Town has established a capital reserve pursuant to GML Section 6-O, for the purpose of paying landfill related post-closure costs within the general fund.

GML Section 6-C Reserves

Improvements and equipment	\$ 2,012,393
Recreational facilities	2,403,493
Fire tower additions and improvements	77,808
Highway improvements and equipment	1,050,632
Reconstruction of water facilities	1,787,380
Reconstruction of sewer facilities	2,562,046
Total GML Section 6-C	<u>9,893,752</u>
GML Section 6-O Reserves	<u>191,633</u>
Total Capital Reserves Under GML Sections 6-C and 6-O	<u>\$ 10,085,385</u>

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

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

Note 11 - Fund Balances - Continued

Restricted Fund Balance - Continued

The Town has a fund balance policy that provides guidance for minimum, maximum, and optimal levels at which the operating fund reserves should be held. These percentages of fund balance to appropriations are set at 7%, 20%, and 15%, respectively. As of December 31, 2022, all funds were at maximum. To the extent that fund balances exceed the maximum, per the policy, the balances are assigned as infrastructure reserve funds.

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

Note 12 - Tax Abatements

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

Information relevant to disclosure of these agreements for the year ended December 31, 2022 is as follows:

Property Owner	Taxable Assessed Value	Tax Rate ¹ per 000	Tax Value	PILOT Received	Taxes Abated
44-74 21st Street, LLC	\$ 7,700,000	2.77	\$ 21,321	\$ 15,518	\$ 5,803
Air Products	13,400,000	2.77	37,104	3,710	33,394
Albany Enterprises LLC	2,250,000	2.77	6,230	5,728	502
American Housing Foundation ²	-	2.77	-	12,764	(12,764)
CPI Bethlehem BERK I LLC	1,100,000	2.77	3,046	2,308	738
CPI Bethlehem SEF I LLC	1,200,000	2.77	3,323	2,509	814
Finke Enterprises, LLC	5,900,000	2.77	16,337	14,056	2,281
MALM Realty Company	1,000,000	2.77	2,769	2,659	110
PSEG Power	100,000,000	2.77	276,892	299,729	(22,837)
Vista Development Group LLC	2,621,000	2.77	7,258	7,258	-
Vista Medical LLC	1,350,000	2.77	3,738	3,289	449
	<u>\$ 136,521,000</u>		<u>\$ 378,018</u>	<u>\$ 369,528</u>	<u>\$ 8,490</u>

¹ General and Highway Tax Rates

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

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

Note 13 - Commitments

The Town has completed closure of the North Street landfill in accordance with an Order of Consent issued by the Department of Environmental Conservation (DEC) on November 18, 1993. The Town is required to monitor the site for 30 years, with 26 years lapsed as of December 31, 2022. The current estimated liability for post-closure care costs of the landfill for the remaining 4 years is \$38,000. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Funds have been reserved to finance the remaining post-closure costs.

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

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

Note 14 - Contingencies, Risks and Uncertainties

a. Judgments and Claims

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased commercial insurance for all risk above minimal deductible amounts except for workers' compensation and environmental hazards. Settled claims have not exceeded the commercial coverage, or the amounts provided for in long-term liabilities by any material amounts during 2022. There was no reduction in insurance coverage during 2022. An estimate of this liability is recorded at December 31, 2022, for outstanding claims or for any potential claims incurred but not reported as of that date in the long-term liabilities.

b. Self-Insurance

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

c. Union Contracts

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

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

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

Note 15 - Accounting Standards Issued Not Yet Implemented

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this statement, a government generally should recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics. The requirements of this statement related to the extension of the use of LIBOR, accounting for Supplement Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of the provisions of GASB Statement No. 34, *Basis Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, were effective upon issuance of the statement in April 2022. The requirements of this statement related to leases, PPPs, and SBITAs are effective for reporting periods beginning after June 15, 2022. The requirements of this statement related to financial guarantees and the classification of reporting of derivative instruments within the scope of GASB 53 are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and change to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for (1) each type of accounting changes and (2) error corrections. This statement requires that

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2022

Note 15 - Accounting Standards Issued Not Yet Implemented - Continued

(a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This statement requires disclosures in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about quantitative effects of beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. For periods that are earlier than those included in the basic financial statements, information presented as required supplementary information and supplementary information should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The Town's management is not able to estimate the extent of the potential impact of these statements on future financial statements.

Town of Bethlehem, New York

Required Supplementary Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 4,020,891	\$ 4,020,891	\$ 4,020,893	\$ 2
Real property tax items	148,908	148,908	147,378	(1,530)
Non-property tax items	13,873,088	14,918,009	16,494,948	1,576,939
Departmental Income	1,402,240	1,545,799	2,849,044	1,303,245
Intergovernmental charges	34,760	34,760	34,775	15
Use of money and property	77,406	77,406	169,572	92,166
Licenses and permits	38,150	38,150	34,263	(3,887)
Fines and forfeitures	150,000	150,000	216,644	66,644
Sales of property and compensation for loss	103,225	161,586	167,133	5,547
Miscellaneous local sources	126,638	126,638	10,878	(115,760)
Interfund Revenues	507,337	507,337	583,434	76,097
State aid	1,203,000	1,301,352	1,836,212	534,860
Federal aid	55,297	627,070	571,992	(55,078)
Total revenues	<u>21,740,940</u>	<u>23,657,906</u>	<u>27,137,166</u>	<u>3,479,260</u>
EXPENDITURES				
General government support	\$ 4,343,879	\$ 5,197,803	\$ 4,400,889	\$ 796,914
Public safety	7,055,142	7,268,741	6,883,133	385,608
Transportation	716,328	1,180,492	1,079,289	101,203
Economic opportunity and development	499,430	502,365	496,817	5,548
Culture and recreation	1,586,016	1,890,671	1,542,731	347,940
Home and community services	1,446,744	1,951,690	1,438,300	513,390
Employee benefits	5,616,241	5,600,538	5,195,883	404,655
Debt service				
Principal	269,256	269,260	269,256	4
Interest	207,904	207,900	207,900	-
Total expenditures	<u>21,740,940</u>	<u>24,069,460</u>	<u>21,514,198</u>	<u>2,555,262</u>
Excess (deficiency) of revenues over expenditures	-	(411,554)	5,622,968	6,034,522
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(2,668,092)</u>	<u>(2,668,092)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (3,079,646)	\$ 2,954,876	\$ 6,034,522
FUND BALANCE, beginning of year			<u>10,138,531</u>	
FUND BALANCE, end of year			<u>\$ 13,093,407</u>	

Town of Bethlehem, New York

Required Supplementary Information Budgetary Comparison Schedule - Highway Fund Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 6,614,929	\$ 6,614,929	\$ 6,614,927	\$ (2)
Real property tax items	224,587	224,587	222,150	(2,437)
Intergovernmental charges	10,500	10,500	6,106	(4,394)
Use of money and property	5,988	5,988	41,738	35,750
Sales of property and compensation for loss	4,000	4,000	21,031	17,031
Miscellaneous local sources	-	-	11	11
Interfund Revenues	15,000	15,000	21,122	6,122
State aid	605,812	605,812	677,897	72,085
Total revenues	7,480,816	7,480,816	7,604,982	124,166
EXPENDITURES				
Transportation	5,341,029	5,402,365	5,304,659	97,706
Employee benefits	1,876,758	1,876,758	1,597,916	278,842
Debt service				
Principal	173,523	173,523	173,523	-
Interest	89,506	89,506	89,505	1
Total expenditures	7,480,816	7,542,152	7,165,603	376,549
Excess (deficiency) of revenues over expenditures	-	(61,336)	439,379	500,715
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(2,171,392)	(2,171,391)	1
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (2,232,728)	\$ (1,732,012)	\$ 500,716
FUND BALANCE, beginning of year			5,088,736	
FUND BALANCE, end of year			\$ 3,356,724	

Town of Bethlehem, New York

Required Supplementary Information Budgetary Comparison Schedule - Water Fund Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 2,394,263	\$ 2,394,263	\$ 2,394,266	\$ 3
Departmental Income	8,349,330	8,279,330	9,128,761	849,431
Use of money and property	244,653	314,653	396,739	82,086
Sales of property and compensation for loss	11,000	100,309	120,294	19,985
Miscellaneous local sources	-	-	735	735
Total revenues	10,999,246	11,088,555	12,040,795	952,240
EXPENDITURES				
Home and community services	8,517,992	8,986,608	7,748,914	1,237,694
Employee benefits	1,267,614	1,272,477	1,037,063	235,414
Debt service				
Principal	1,426,755	1,426,755	1,426,755	-
Interest	561,302	561,302	561,301	1
Total expenditures	11,773,663	12,247,142	10,774,033	1,473,109
Excess (deficiency) of revenues over expenditures	(774,417)	(1,158,587)	1,266,762	2,425,349
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(659,512)	(659,511)	1
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (774,417)	\$ (1,818,099)	\$ 607,251	\$ 2,425,350
FUND BALANCE, beginning of year			5,684,429	
FUND BALANCE, end of year			\$ 6,291,680	

Town of Bethlehem, New York

Required Supplementary Information Budgetary Comparison Schedule - Sewer Fund Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 1,130,969	\$ 1,130,969	\$ 1,130,970	\$ 1
Departmental Income	3,317,600	3,282,600	3,472,263	189,663
Use of money and property	4,563	39,563	31,949	(7,614)
Sales of property and compensation for loss	4,000	4,000	12,362	8,362
Total revenues	<u>4,457,132</u>	<u>4,457,132</u>	<u>4,647,544</u>	<u>190,412</u>
EXPENDITURES				
Home and community services	3,244,849	3,306,538	3,034,249	272,289
Employee benefits	649,471	649,471	566,333	83,138
Debt service				
Principal	355,466	355,466	355,466	-
Interest	207,346	207,346	201,771	5,575
Total expenditures	<u>4,457,132</u>	<u>4,518,821</u>	<u>4,157,819</u>	<u>361,002</u>
Excess (deficiency) of revenues over expenditures	-	(61,689)	489,725	551,414
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(1,462,728)</u>	<u>(1,462,728)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (1,524,417)</u>	<u>\$ (973,003)</u>	<u>\$ 551,414</u>
FUND BALANCE, beginning of year			<u>2,961,669</u>	
FUND BALANCE, end of year			<u><u>\$ 1,988,666</u></u>	

Town of Bethlehem, New York

Notes to Budgetary Basis Reporting December 31, 2022

The Town employs the following budgetary procedures:

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

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

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

Town of Bethlehem, New York

Schedule of Proportionate Share of the Net Pension Liability (Asset)

	December 31,				
	2022	2021	2020	2019	2017
ERS					
Town's proportion of the net pension liability (asset)	0.0415165%	0.0401181%	0.04315210%	0.04239260%	0.04359270%
Town's proportionate share of the net pension liability (asset)	\$ (3,393,801)	\$ 39,947	\$ 11,426,938	\$ 3,003,645	\$ 1,383,398
Town's covered-employee payroll	\$ 11,809,966	\$ 11,516,306	\$ 11,904,005	\$ 11,849,512	\$ 11,277,347
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-28.74%	0.35%	95.99%	25.35%	12.27%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%

PFRS

Town's proportion of the net pension liability	0.0962786%	0.0954856%	0.0959098%	0.10334340%	0.10544070%
Town's proportionate share of the net pension liability	\$ 546,905	\$ 1,657,894	\$ 5,126,318	\$ 1,733,134	\$ 1,065,749
Town's covered-employee payroll	\$ 4,063,955	\$ 4,131,028	\$ 4,242,385	\$ 3,962,698	\$ 3,989,317
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	13.46%	40.13%	120.84%	43.74%	26.72%
Plan fiduciary net position as a percentage of the total pension liability	98.66%	95.79%	84.86%	95.09%	96.93%

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

Town of Bethlehem, New York

Schedule of Employer Contributions

	December 31,				
	2022	2021	2020	2019	2017
ERS					
Contractually required contribution	\$ 1,335,761	\$ 1,837,327	\$ 1,719,886	\$ 1,697,454	\$ 1,646,734
Contributions in relation to the contractually required contribution	\$ 1,335,761	\$ 1,837,327	\$ 1,719,886	\$ 1,697,454	\$ 1,646,734
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 11,809,966	\$ 11,516,306	\$ 11,904,005	\$ 11,849,512	\$ 11,005,858
Contributions as a percentage of covered-employee payroll	11.31%	15.95%	14.45%	14.33%	14.96%
PFRS					
Contractually required contribution	\$ 1,139,441	\$ 1,230,458	\$ 1,084,314	\$ 963,092	\$ 959,534
Contributions in relation to the contractually required contribution	\$ 1,139,441	\$ 1,230,458	\$ 1,084,314	\$ 963,092	\$ 959,534
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 4,063,955	\$ 4,131,028	\$ 4,242,385	\$ 3,962,698	\$ 3,923,577
Contributions as a percentage of covered-employee payroll	28.04%	29.79%	25.56%	24.30%	24.46%

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

Town of Bethlehem, New York

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

	December 31, 2022		
	Special Grant	Miscellaneous	Total
ASSETS			
Cash	\$ 58,295	\$ 461,294	\$ 519,589
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 8,169	-	\$ 8,169
Unearned Revenue	33,317	-	33,317
Total liabilities	41,486	-	41,486
FUND BALANCE			
Restricted	16,809	461,294	478,103
	\$ 58,295	\$ 461,294	\$ 519,589

Town of Bethlehem, New York

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

	Year Ended December 31, 2022			
	Special Grant	Miscellaneous	Ambulance	Total
REVENUES				
Real property taxes	\$ -	\$ -	\$ 1,416,783	\$ 1,416,783
Departmental Income	-	98,650	-	98,650
Federal aid	469,835	-	-	469,835
Total revenues	469,835	98,650	1,416,783	1,985,268
EXPENDITURES				
Health	\$ -	\$ -	\$ 1,416,783	\$ 1,416,783
Economic opportunity and development	457,135	-	-	457,135
Culture and recreation	-	3,000	-	3,000
Total expenditures	457,135	3,000	1,416,783	1,876,918
Excess of revenues over expenditures	12,700	95,650	-	108,350
FUND BALANCE, beginning of year	4,109	365,644	-	369,753
FUND BALANCE, end of year	\$ 16,809	\$ 461,294	\$ -	\$ 478,103