

SCHOHARIE COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

DRAFT

SCHOHARIE COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

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## INDEPENDENT AUDITORS' REPORT

Schoharie County Industrial  
Development Agency  
349 Mineral Springs Road  
Cobleskill, New York

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the Schoharie County Industrial Development Agency (the "IDA") as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the IDA's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the IDA as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 IDA'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.

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits;
- 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 audits 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 IDA'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; and
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the IDA'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 4 – 6 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, and 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplemental Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the IDA's financial statements. The accompanying combining statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of outstanding straight lease agreements and the schedule of full time equivalent (FTE) jobs created and retained in the financial statements are presented for purposes of additional analysis and are not a required part of the financial statements, but it is supplemental information required by the Office of the New York State Comptroller. 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 audits 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 the other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September , 2023; on our consideration of the IDA's internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. 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 IDA'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 IDA's internal control over financial reporting and compliance.

### ***Other Reporting Required by New York State Public Authorities Law***

In accordance with New York State Public Authorities Law, we have also issued our report dated September , 2023, on our consideration of the IDA's compliance with Section 2925 of New York State Public Authorities Law. The purpose of that report is to determine whether the IDA obtained and managed its investments in compliance with its own policies and relevant sections of the New York State Public Authorities Law.

*Mistert, Manzano & Scott, LLP*

Oneonta, New York  
September , 2023

# SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2023

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As financial management of the Schoharie County Industrial Development Agency (the "IDA"), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the IDA for the fiscal year ended June 30, 2023. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. The IDA encourages its readers to consider the information presented here in conjunction with the financial statements taken as a whole.

### **Financial Highlights**

- The IDA's net position decreased by \$91,467 from prior year;
- The IDA's operating revenue decreased \$53,711 from prior year attributable to a decrease in administration fees and lease income;
- The IDA's operating expenses increased \$21,375 from prior year mainly from an increase in administration expenses offset by a reduction in professional fees; and
- The IDA's investment income increased \$4,868 from prior year, as interest rates were higher.

### **Overview of the Financial Statements**

This discussion and analysis accompanies the IDA's financial statements, including notes to the financial statements and the reports on compliance and internal control to help the reader better understand the financials.

### **Financial Statements**

The IDA's financial statements provide readers with a comprehensive reporting of the IDA's fiscal year 2022 – 2023 transactions and balances. The difference between the assets and liabilities are reported as the net position. Increases or decreases in the net position are an indicator of strengthened or weakened financial position.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

### **Financial Analysis**

Operating revenues for the IDA were \$25,660 for fiscal year 2023. This was a decrease of 68% over the prior year. Income, net of expenses, produced a decrease in net position of \$91,467. At the close of fiscal year 2023, the IDA had a net position of \$1,326,837. This is a decrease of 6% over the prior year, which is attributable to an overall decrease in operating revenues and an increase in operating expenses offset by an increase in non-operating income.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2023

The IDA's primary objective is to provide assistance to existing businesses, business expansions and business startups with professional assistance, educational programs and loans. The notes receivable are comprised of grants dedicated to this purpose. For the IDA's notes receivable, the financial statement shows a decrease from \$103,254 at year-end 2022, to \$88,111 a net decrease of \$15,143.

Following is a 2023-2021 comparative summary of the IDA's financial statements, showing the decrease in net position:

NET POSITION

	2023	2022	Restated 2021
Current assets	\$ 226,292	\$ 250,772	\$ 306,733
Non-current assets	<u>1,126,577</u>	<u>1,198,439</u>	<u>1,369,071</u>
Total assets	<u>1,352,869</u>	<u>1,449,211</u>	<u>1,675,804</u>
Current liabilities	26,032	30,907	140,116
Non-current liabilities	-	-	93,973
Total liabilities	<u>26,032</u>	<u>30,907</u>	<u>234,089</u>
Total net position	<u>\$ 1,326,837</u>	<u>\$ 1,418,304</u>	<u>\$ 1,441,715</u>

CHANGES IN NET POSITION

	2023	2022	Restated 2021
Operating revenues	\$ 25,660	\$ 79,371	\$ 51,518
Operating expenses	<u>121,711</u>	<u>100,336</u>	<u>64,369</u>
Operating loss	(96,051)	(20,965)	(12,851)
Non-operating revenue (expense)	<u>4,584</u>	<u>(2,446)</u>	<u>303</u>
Changes in net position	(91,467)	(23,411)	(12,548)
Net position, beginning of year	<u>1,418,304</u>	<u>1,441,715</u>	<u>1,454,263</u>
Net position, end of year	<u>\$ 1,326,837</u>	<u>\$ 1,418,304</u>	<u>\$ 1,441,715</u>

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2023

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**2023 GOALS**

The following goals remain in affect:

1. Continued administration of the MICRO Enterprise Loan/Grant Program.
2. Continued administration of current lease agreements and payments in-lieu of taxes agreements.
3. Assist private companies in their expansion with possible benefits and continue to assist the Planning and Economic Development Agency with efforts to attract businesses to Schoharie County.
4. Establish a full time operation with new office space, full time executive director and administrative capacity
5. Collaborate with Schoharie County's government entities, community organizations, and State and Federal offices with outreach efforts to assist with economic growth opportunities and incentives to eligible businesses that will retain, expand, and add additional employment opportunities that will promote a vital economy throughout Schoharie County
6. Upgrade web site
7. Finalize property disposition of Sharon Springs property and office property on Mineral Springs Road.

**Requests for Information**

Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Schoharie County Industrial Development Agency, 349 Mineral Springs Road, Cobleskill, New York 12043.



SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET POSITION

June 30, 2023 and 2022

draft

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 194,576	\$ 181,321
Accounts receivable	289	50,318
Interest receivable	2,727	343
Prepaid expenses	1,312	2,168
Escrow deposit	10,000	-
Notes and capital lease receivables - Current portion	17,388	16,622
Total current assets	<u>226,292</u>	<u>250,772</u>
Capital assets:		
Land	82,257	82,257
Buildings and improvements	177,482	177,482
Office equipment	724	724
Total capital assets	<u>260,463</u>	<u>260,463</u>
Less: Accumulated depreciation	(147,026)	(139,713)
Total capital assets, net	<u>113,437</u>	<u>120,750</u>
Other assets:		
Investments	642,059	690,699
Real estate held for resale	300,358	300,358
Notes and capital lease receivables - Long term	70,723	86,632
Total other assets	<u>1,013,140</u>	<u>1,077,689</u>
Total assets	<u>1,352,869</u>	<u>1,449,211</u>
 <u>LIABILITIES AND NET POSITION</u> 		
Current liabilities:		
Accounts payable	-	138
Security/escrow deposit	10,500	8,000
Due to other governments	15,532	22,769
Total current liabilities	<u>26,032</u>	<u>30,907</u>
Net position:		
Investment in capital assets, net of related debt	113,437	120,750
Unrestricted	<u>1,213,400</u>	<u>1,297,554</u>
Total net position	<u>\$ 1,326,837</u>	<u>\$ 1,418,304</u>

See accompanying notes.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Interest on notes	\$ 3,059	\$ 5,196
Lease income	15,075	21,900
Other income	7,500	25
Administrative fees	26	52,250
	<u>25,660</u>	<u>79,371</u>
Total operating revenues		
Operating expenses:		
Administrative expense	90,671	39,900
Travel	488	316
Insurance	4,515	3,856
Legal and accounting	6,870	28,508
PPP grants	-	5,951
Maintenance and supplies	9,469	11,998
Miscellaneous	56	979
Depreciation	7,312	7,357
Office expense	2,302	1,448
Property taxes	28	23
	<u>121,711</u>	<u>100,336</u>
Total operating expenses		
Net operating loss	<u>(96,051)</u>	<u>(20,965)</u>
Non-operating revenue (expense):		
Grant revenue	-	137,250
Grant expense	-	(137,250)
Return of CDBG grants	(758)	(2,920)
Interest and earnings	5,342	474
Total non-operating revenue (expense)	<u>4,584</u>	<u>(2,446)</u>
Change in net position	(91,467)	(23,411)
Net position, beginning of year	<u>1,418,304</u>	<u>1,441,715</u>
NET POSITION, END OF YEAR	<u><u>\$ 1,326,837</u></u>	<u><u>\$ 1,418,304</u></u>

See accompanying notes.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS

draft

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Interest on notes	\$ 3,059	\$ 5,196
Payments received on notes receivable	15,143	65,868
Other income	-	25
Lease income	15,075	21,900
Administrative fees	50,344	49,463
PPP grants	-	(5,951)
Administrative expense	(91,098)	(40,437)
Travel	(488)	(316)
Insurance	(3,659)	(4,333)
Legal and accounting	(6,870)	(28,508)
Maintenance and supplies	(9,469)	(11,998)
Miscellaneous	(56)	(979)
Office expense	(2,302)	(1,448)
Property taxes	(28)	(23)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(30,349)</u>	<u>48,459</u>
Cash flows from noncapital financing activities:		
Payments on notes	(7,995)	(85,184)
Increase in escrow deposits	(10,000)	-
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	<u>(17,995)</u>	<u>(85,184)</u>
Cash flows from capital and related financing activities:		
Escrow account	10,000	-
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>10,000</u>	<u>-</u>
Cash flows from investing activities:		
Interest and earnings	7,206	495
Unrealized gains	4,248	1,485
Net activity certificates of deposit	40,145	106,227
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>51,599</u>	<u>108,207</u>
NET INCREASE IN CASH	13,255	71,482
Cash - Beginning of year	<u>181,321</u>	<u>109,839</u>
Cash - End of year	<u>\$ 194,576</u>	<u>\$ 181,321</u>

See accompanying notes.

	<u>2023</u>	<u>2022</u>
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities:		
Net loss	\$ (96,051)	\$ (20,965)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	7,312	7,357
(Increase) decrease in prepaid expenses	856	(477)
(Increase) decrease in accounts receivable	50,029	(287)
Increase (decrease) in security/escrow deposits	(7,500)	-
Increase (decrease) in unearned revenues	-	(2,500)
Increase (decrease) in accounts payable and commitments	(138)	(537)
Decrease in notes receivable	15,143	65,868
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (30,349)</u>	<u>\$ 48,459</u>

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2023

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NOTE 1 ORGANIZATION

The Schoharie County Industrial Development Agency (the “IDA”) was duly established under Title I of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 114 of the Laws of 1973 of the State and is a public benefit corporation of the State.

The IDA was formed for the purpose of encouraging economic growth in the County of Schoharie. The IDA is exempt from federal, state and local income taxes. The IDA, although established by the Schoharie County Board of Supervisors, is a separate entity and operates independently of the County of Schoharie.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the IDA have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Significant accounting policies are as follows:

Measurement Focus and Basis of Accounting

The IDA’s financial statements are reported using the economic resource measurement focus and the accrual method of accounting. Measurement focus refers to what is measured and reported in the financial statements, while the basis of accounting determines when a transaction or economic event is recognized.

The IDA is similar to a business enterprise, and utilizes a measurement focus based on the flow of economic resources. This includes the capitalization of fixed assets, charging depreciation expense and recording long-term debt as a liability.

Grant Accounting

Pass-through grants are recorded as receivables, revenues, liabilities and expenses when awarded. All other grants are recorded as receivables and deferred revenues upon award of the contracts; revenues are recognized as the IDA meets performance requirements of the contracts.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, management considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable is carried at its full value. Uncollectible accounts are charged to expenditures when an account is deemed uncollectible by management. All accounts receivable were considered collectible.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Notes Receivable

Receivables for loans and mortgages are reviewed periodically by management to update the allowance for uncollectible amounts.

Notes receivable are recorded net of the allowance for uncollectible notes. Uncollectible notes are charged to expenditures using the reserve method. There was no allowance for uncollectible accounts for the years ended June 30, 2023 or 2022.

Investments Policy

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

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets are recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives range from five to forty years, depending on the assets. The cost of repairs, maintenance and minor replacement is expensed as incurred, whereas expenditures that materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in income. Capital assets with an acquisition cost of \$1,000 or more are capitalized. Depreciation expense amounted to \$7,312 and \$7,357 in 2023 and 2022, respectively.

Revolving Loans

The IDA offers low-interest loans to area businesses. The loans are approved by the governing board after giving consideration to the enhancement of the economic environment.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Revenue and Expense Classification

The IDA distinguishes operating revenues and expenses from nonoperating items in its financial statements. Operating revenues and expenses generally result from providing services in connection with the IDA's principal on-going operations. The IDA's operating expenses include project and program costs and related administration expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Income Tax Status

The IDA is a quasi-governmental organization. The IDA is not subject to federal or state income taxes, nor is it required to file federal or state income tax returns, therefore, no provision for income taxes is reflected in these financial statements.

Use of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

Equity is classified as net position and displayed in three components:

- a. Investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Unrestricted – all other assets that do not meet the definition of “investment in capital assets” or “restricted.”
- c. Restricted – consists of net assets with constraints on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.

Eliminations

Fees charged to various programs for administration are included in these programs as expenses and revenues in different funds. These amounts are eliminated when the funds are combined to prevent duplication.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Accounting Pronouncements

The following are GASB Statements that have been issued recently and are currently being evaluated, by the IDA, for their potential impact in future years.

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 99, *Omnibus 2022*, which will be effective for the year ending December 31, 2023.
- Statement No. 100, *Accounting Changes and Error Corrections*-an amendment of GASB Statement No. 62 which is effective for the year ending December 31, 2024.
- Statement No. 101, *Compensated Absences*, which will be effective for the year ending December 31, 2024.

Events Occurring After Reporting Date

The IDA has evaluated subsequent events through September , 2023, which is the date the financial statements were available to be issued.

NOTE 3 INVESTMENTS

As of June 30, the IDA had the following investments:

June 30, 2023	Cost	Fair Value	Investment Maturities (in Years)		
			Less than 1 Year	1-3 Years	Greater than 3 Years
Money market funds	\$ 9,086	\$ 9,086	\$ 9,086	\$ -	\$ -
Certificates of deposits	638,706	632,973	632,973	-	-
Total	\$ 647,792	\$ 642,059	\$ 642,059	\$ -	\$ -
<u>June 30, 2022</u>					
Money market funds	\$ 313,704	\$ 312,219	\$ 312,219	\$ -	\$ -
Certificates of deposits	378,480	378,480	378,480	-	-
Total	\$ 692,184	\$ 690,699	\$ 690,699	\$ -	\$ -



SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2023

NOTE 3 INVESTMENTS (Cont'd.)

Interest Rate Risk

This is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in the market interest rates. The IDA's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment that is in the possession of another party. In order to mitigate this risk, the IDA's investment policy requires investments to be purchased only through an approved broker/dealer or institution.

Concentrations

The IDA's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

NOTE 4 NOTES AND CAPITAL LEASE RECEIVABLES

The following summarizes the IDA's notes and capital lease receivables at June 30:

	2023	2022
<u>Micro Enterprise Fund</u>		
\$50,000 note receivable with monthly payments of \$489 including interest at 3.25%. An additional \$13,336 was advanced on this note in August 2016 to bring the principal balance to \$50,000. Terms of the note remain the same with 120 monthly payments through August 2026; collateralized by a mortgage and two personal guarantees.	\$ 22,893	\$ 27,534
Subtotal – Micro Enterprise Fund	22,893	27,534

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2023

NOTE 4 NOTES AND CAPITAL LEASE RECEIVABLES (Cont'd.)

Revolving Loan Fund

	<u>2023</u>	<u>2022</u>
\$25,000 note receivable dated March 2018 of \$247 including interest at 3.5% for 120 monthly; collateralized by 2 <sup>nd</sup> position on real estate and personal guarantee.	13,590	15,833
\$80,000 note receivable with monthly payments of \$562 including interest at 3.25% from June 24, 2009 through June 24, 2024; collateralized by a mortgage. This note was renegotiated for \$82,274 in July 2014; monthly payments are \$613 including interest at 3.25% from August 2014 through July 2029.	40,569	46,505
\$25,000 note receivable with monthly payments of \$247 including interest at 3.5% from June 2017 through May 2027; collateralized by a second mortgage and personal guarantee.	<u>11,059</u>	<u>13,382</u>
Subtotal – Revolving loan fund	<u>65,218</u>	<u>75,720</u>
Total all funds	88,111	103,254
Current	<u>(17,388)</u>	<u>(16,622)</u>
Total long-term notes and capital leases receivable	<u>\$ 70,723</u>	<u>\$ 86,632</u>

The aggregate maturities of long-term receivables mature as follows:

2024	\$ 17,388
2025	17,095
2026	17,673
2027	18,477
2028	9,654
Thereafter	<u>7,824</u>
Total	<u>\$ 88,111</u>

Management believes the remaining notes receivable are collectible and have not established any allowance.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2023

NOTE 5 REAL ESTATE HELD FOR RESALE

The IDA currently holds the following properties for sale:

- a. Land – Grove Street, Cobleskill, New York; currently recorded at \$170,358.
- b. Commercial building – 582 State Highway Route 20, Sharon Springs, New York; currently recorded at \$130,000. The IDA is currently leasing this property under a lease for \$850 per month. (See Note 10).

NOTE 6 LIABILITIES

Security Escrow Deposit

The IDA holds a security deposit with respect to the one year operating lease of the Sharon Springs, New York property (See Note 5). The security deposit held was \$500 at June 30, 2023 and 2022.

During 2020, the IDA required an escrow account to be established for one of the projects in the amount of \$5,000 to cover legal and administrative fees in case the project was not finalized so these costs did not become an obligation of the IDA. This was increased to \$7,500 during 2021. This project was terminated in 2023 and the \$7,500 was recognized as income.

Due to Other Governments

Due to the change in the CDBG program income guidelines in 2018, the IDA recorded a liability due to Schoharie County for CDBG funds that are required to be returned. The liability represents amounts not dedicated to other programs that must be returned to NYS Office at Community Renewal. At June 30, 2023 and 2022, the micro enterprise fund had \$15,532 and \$22,769 respectively, payable to the Schoharie County.

NOTE 7 RELATED PARTIES

The IDA and the Schoharie County Rural Preservation Corporation (SCRPC) and the Schoharie County Capital Resource Corporation (SCCRC) are related through common board members. The SCCRC provides office space rent-free to the IDA.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2023

NOTE 8 INDUSTRIAL DEVELOPMENT REVENUE BOND AND NOTE TRANSACTIONS

Certain industrial development revenue bonds and notes issued by the IDA are secured by property, which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the IDA or the State. The IDA does not record the assets or liabilities resulting from completed bond and note issues in the accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the IDA receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

NOTE 9 CREDIT RISK

Cash

State statutes require that collateral be pledged for demand deposits, time deposits, and certificates of deposit at 100% of deposits not covered by the FDIC. Obligations that may be pledged as collateral are obligations of the U.S. Treasury and its agencies, obligations of the state and its municipalities, school district debt, irrevocable letters of credit and surety bonds issued by the state authorized insurance companies. The IDA had no uncollateralized funds as of June 30, 2023 and 2022.

Accounts Receivable

At June 30, 2023 and 2022, all accounts receivable were considered collectible.

Notes Receivable

Notes receivable consist of numerous notes with businesses in Schoharie County. The IDA has collateralized its interest in these notes by retaining the reversionary rights to the property or by additional liens and mortgages on the property.

NOTE 10 LEASES

The IDA currently has a lease agreement from January 1, 2023 to December 31, 2023 for the property located in Sharon Springs, New York. The lease payment is \$850 monthly. The IDA received rental income under this lease in the amount of \$10,200, for the years ended June 30, 2023 and 2022.

The IDA is a lessor in a lease agreement for office space for the period of January to December. Under the lease agreement, the monthly lease payments were \$975 for the calendar years 2023 and 2022. The IDA received rental income of \$4,875 and \$11,700 for the years ended June 30, 2023 and 2022, respectively.

Both of these leases meet the definition of a short-term lease because the lease term is 12 months or less. Consequently, consistent with leaser's accounting policy election, the leaser does not recognize the lease receivable and deferred inflow of resources.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2023

NOTE 11 INTERFUND RECEIVABLES AND PAYABLES

As of June 30, interfund receivables and payables were as follows:

	2023		2022	
	Receivable	Payable	Receivable	Payable
Revolving loan fund	\$ 52,247	\$ -	\$ 50,142	\$ -
Micro grant fund	-	-	-	-
Operating fund	87,388	-	87,388	-
Micro Enterprise fund	-	139,635	-	137,530
Small business fund	-	-	-	-
	-	-	-	-
Total	\$ 139,635	\$ 139,635	\$ 137,530	\$ 137,530

NOTE 12 FAIR VALUE MEASUREMENTS

The IDA's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1:* Investments reflect prices quoted in active markets.
- Level 2:* Investments reflect prices that are based on similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3:* Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not perceive investment risk. Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2023

NOTE 12 FAIR VALUE MEASUREMENTS (Cont'd.)

Mortgage and asset backed securities classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

<u>June 30, 2023</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Money market funds	\$ 9,086	\$ -	\$ -	\$ 9,086
Certificates of deposit	<u>632,973</u>	<u>-</u>	<u>-</u>	<u>632,973</u>
Total	<u>\$ 642,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 642,059</u>
 <u>June 30, 2022</u>				
Money market funds	\$ 312,219	\$ -	\$ -	\$ 312,219
Certificates of deposit	<u>378,480</u>	<u>-</u>	<u>-</u>	<u>378,480</u>
Total	<u>\$ 690,699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 690,699</u>

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SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING SCHEDULE OF NET POSITION

June 30, 2023  
With Comparative Totals for 2022

**draft**

<u>ASSETS</u>	Operating Fund	Micro Enterprise Fund	Revolving Loan Fund
Current assets:			
Cash and cash equivalents	\$ 147,321	\$ 2,274	\$ 44,981
Accounts receivable	289	-	-
Interest receivable	2,727	-	-
Prepaid expenses	1,312	-	-
Due from other funds	87,388	-	52,247
Escrow deposit	10,000	-	-
Notes and capital lease receivables - Current portion	-	5,666	11,722
Total current assets	<u>249,037</u>	<u>7,940</u>	<u>108,950</u>
Capital assets:			
Land	82,257	-	-
Buildings and improvements	177,482	-	-
Office equipment	724	-	-
Total capital assets	<u>260,463</u>	<u>-</u>	<u>-</u>
Less: Accumulated depreciation	(147,026)	-	-
Total net capital assets	<u>113,437</u>	<u>-</u>	<u>-</u>
Other assets:			
Investments	642,059	-	-
Real estate held for resale	170,358	130,000	-
Notes and capital lease receivables - Long-term	-	17,227	53,496
Total other assets	<u>812,417</u>	<u>147,227</u>	<u>53,496</u>
Total assets	<u>1,174,891</u>	<u>155,167</u>	<u>162,446</u>
<u>LIABILITIES AND NET POSITION</u>			
Current liabilities:			
Accounts payable	-	-	-
Security/escrow deposits	10,500	-	-
Due to other governments	-	15,532	-
Due to other funds	-	139,635	-
Total current liabilities	<u>10,500</u>	<u>155,167</u>	<u>-</u>
Net position:			
Invested in capital assets, net of related debt	113,437	-	-
Unrestricted	1,050,954	-	162,446
Total net position	<u>\$ 1,164,391</u>	<u>\$ -</u>	<u>\$ 162,446</u>

See auditors' report.

Micro Grant Fund	Small Busines Fund	Eliminations	Totals	
			2023	2022
\$ -	\$ -	\$ -	\$ 194,576	\$ 181,321
-	-	-	289	50,318
-	-	-	2,727	343
-	-	-	1,312	2,168
-	-	(139,635)	-	-
-	-	-	10,000	-
-	-	-	17,388	16,622
-	-	(139,635)	226,292	250,772
-	-	-	82,257	82,257
-	-	-	177,482	177,482
-	-	-	724	724
-	-	-	260,463	260,463
-	-	-	(147,026)	(139,713)
-	-	-	113,437	120,750
-	-	-	642,059	690,699
-	-	-	300,358	300,358
-	-	-	70,723	86,632
-	-	-	1,013,140	1,077,689
-	-	(139,635)	1,352,869	1,449,211
-	-	-	-	138
-	-	-	10,500	8,000
-	-	-	15,532	22,769
-	-	(139,635)	-	-
-	-	(139,635)	26,032	30,907
-	-	-	113,437	120,750
-	-	-	1,213,400	1,297,554
\$ -	\$ -	\$ -	\$ 1,326,837	\$ 1,418,304



SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN NET POSITION

draft

Year Ended June 30, 2023  
With Comparative Totals for 2022

	Operating Fund	Micro Enterprise Fund	Revolving Loan Fund
Operating revenues:			
Interest on notes	\$ -	\$ 758	\$ 2,301
Lease income	15,075	-	-
Other income	7,500	-	-
Administrative fees	26	-	-
Total operating revenues	<u>22,601</u>	<u>758</u>	<u>2,301</u>
Operating expenses:			
Administrative expense	90,671	-	-
Travel	488	-	-
Insurance	4,515	-	-
Legal and accounting	6,870	-	-
PPP grants	-	-	-
Repairs and maintenance	9,469	-	-
Miscellaneous	56	-	-
Depreciation	7,312	-	-
Office expense	2,302	-	-
Property taxes	28	-	-
Total operating expenses	<u>121,711</u>	<u>-</u>	<u>-</u>
Net operating income (loss)	<u>(99,110)</u>	<u>758</u>	<u>2,301</u>
Non-operating revenue (expense):			
Grant revenue	-	-	-
Grant expense	-	-	-
Return of CDBG grants	-	(758)	-
Interest and earnings	5,342	-	-
Total non-operating revenue (expense)	<u>5,342</u>	<u>(758)</u>	<u>-</u>
Change in net position	(93,768)	-	2,301
Net position, beginning of year	<u>1,258,159</u>	<u>-</u>	<u>160,145</u>
NET POSITION, END OF YEAR	<u>\$ 1,164,391</u>	<u>\$ -</u>	<u>\$ 162,446</u>

See auditor's report.

Micro Grant Fund	Small Business Fund	Eliminations	Totals	
			2023	2022
\$ -	\$ -	\$ -	\$ 3,059	\$ 5,196
-	-	-	15,075	21,900
-	-	-	7,500	25
-	-	-	26	52,250
-	-	-	25,660	79,371
-	-	-	90,671	39,900
-	-	-	488	316
-	-	-	4,515	3,856
-	-	-	6,870	28,508
-	-	-	-	5,951
-	-	-	9,469	11,998
-	-	-	56	979
-	-	-	7,312	7,357
-	-	-	2,302	1,448
-	-	-	28	23
-	-	-	121,711	100,336
-	-	-	(96,051)	(20,965)
-	-	-	-	137,250
-	-	-	-	(137,250)
-	-	-	(758)	(2,920)
-	-	-	5,342	474
-	-	-	4,584	(2,446)
-	-	-	(91,467)	(23,411)
-	-	-	1,418,304	1,441,715
\$ -	\$ -	\$ -	\$ 1,326,837	\$ 1,418,304

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF OUTSTANDING STRAIGHT LEASE AGREEMENTS

draft

Year Ended June 30, 2023

Project Owner Project Owner Address	Purpose	Issue Date	Due Date	Tax		Real County
				Sales Tax Exemptions State	Local	
Wal-Mart Distribution Center 1301 Southeast 10th Street Bentonville, AR 72716-8013	Retail Trade and Other	2015	2025	\$ -	\$ -	\$ 784,861
Tennessee Gas Pipeline 1001 Louisiana Street Houston, TX 77002	Gas Line	2016	2032	-	-	1,141,601
American Recycling Mgmt LLC* 172-33 Douglas Aveneu Jamaica, NY 11433	Light Manufac. Distribution	2022	2034	-	-	980
Iroquois Gas Transmission L.P. 1 Corporate Drive, Suite 600 Shelton, CT 06484	Gas Line	2016	2030	-	-	525,172
Sharon Springs, Inc.** 1246 Anderson Ave. Fort Lee, NJ 07024	Tourism	2016	2030	-	-	2,661
Middleburgh Meadows, LLC 494 Western Turnpike Altmont, NY 12009	Retail Trade	2017	2031	41,678	41,678	28,124
				<u>\$ 41,678</u>	<u>\$ 41,678</u>	<u>\$ 2,483,399</u>

\*American Recycling LLC project signed 7/1/22 but tax status date was 3/1/23 so PILOT payments began after tax payments were made for the year and they made full tax payments.

\*\*Sharon Springs Inc. Pilot is being terminated

See auditors' report.

Property Taxes		Exemptions	Payment in Lieu of Taxes			
Local	School	Total Exemptions	County	Local	School	Total
\$ 614,191	\$ 1,440,573	\$ 2,839,625	\$ 195,000	\$ 390,000	\$ 390,000	\$ 975,000
556,969	2,453,698	4,152,268	776,843	543,058	1,771,525	3,091,426
438	2,113	3,531	980	738	2,113	3,831
273,073	1,144,276	1,942,521	471,876	263,066	1,233,267	1,968,209
2,082	4,883	9,626	12,137	7,639	5,000	24,776
23,171	62,130	196,781	7,316	6,758	18,155	32,229
<u>\$ 1,469,924</u>	<u>\$ 5,107,673</u>	<u>\$ 9,144,352</u>	<u>\$ 1,464,152</u>	<u>\$ 1,211,259</u>	<u>\$ 3,420,060</u>	<u>\$ 6,095,471</u>

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF FULL-TIME EQUIVALENT (FTE)  
JOBS CREATED AND RETAINED

Year Ended June 30, 2023

draft

Project Owner:	<u># of FTE Employees at Project Location before IDA Status</u>	<u>Original Estimate of Jobs to be Created</u>	<u>Original Estimate of Jobs to be Retained</u>	<u># of Current FTE Employees</u>	<u># of FTE Jobs Created During Fiscal Year</u>	<u># of FTE Jobs Retained During Fiscal Year</u>
Wal-Mart Distribution Center	0	350	0	519	0	0
Tennessee Gas Pipeline	2	0	2	5	0	2
American Recycling Management LLC	5	5	5	0	0	0
Iroquois Gas Transmission, LP	3	0	3	3	1	3
Sharon Springs, Inc.*	2	40	0	0	0	0
Middleburgh Meadows, LLC*	<u>0</u>	<u>25</u>	<u>0</u>	<u>0</u>	<u>7</u>	<u>0</u>
	<u>12</u>	<u>420</u>	<u>10</u>	<u>527</u>	<u>8</u>	<u>5</u>

\*Sharon Springs Inc. pilot is being terminated

See auditors' report.

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

To the Board of Directors  
Schoharie County Industrial Development Agency  
Cobleskill, New York

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Schoharie County Industrial Development Agency (the "IDA") which comprise of the statements of net position as of and for the years ended June 30, 2023 and 2022, and the related statements of revenues, expenditures and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September , 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the IDA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the IDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the IDA's internal control.

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

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

## Report on Compliance and Other Matters

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

### Purpose of this Report

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

This report is intended solely for the information and use of the Schoharie County Industrial Development Agency audit committee, management, the State of New York and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Mostert, Manzanero & Scott, LLP

Oneonta, New York  
September , 2023

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH INVESTMENT GUIDELINES FOR PUBLIC AUTHORITIES

To the Board of Directors  
Schoharie County Industrial Development Agency  
Cobleskill, New York

We have examined the Schoharie County Industrial Development Agency's (the "IDA"), compliance with Section 2925(3) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations during the year ended June 30, 2023. Management is responsible for the IDA's compliance with those requirements. Our responsibility is to express an opinion on the IDA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagement contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the IDA's compliance with those requirements and performing such other procedures we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the IDA's compliance with specific requirements.

In our opinion, the IDA has complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2023.

This report is intended solely for the information and use of the Board of Directors, management, and certain New York State Departments and Agencies. It is not intended to be, and should not be, used by anyone other than those specified parties.

*Mostert, Manzanero & Scott, LLP*

Oneonta, New York  
September , 2023

MEMBERS: American Institute of Certified Public Accountants,  
New York State Society of Certified Public Accountants, National Conference of CPA Practitioners