

COUNTY OF DELAWARE
INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF
DELAWARE COUNTY, NEW YORK)

FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021

COUNTY OF DELAWARE
INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
County of Delaware Industrial Development Agency
Delhi, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the County of Delaware Industrial Development Agency (a component Unit of Delaware County, New York) (the "IDA") as of and for the years ended December 31, 2022, and 2021, 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 December 31, 2022, and 2021, and the respective changes in financial position and cash flows for the year 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.

Change in Accounting Principle

As discussed in Note 7 and Note 14 to the financial statements, during the year ended December 31, 2022, the IDA adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to that matter.

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 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 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 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 the Management's Discussion and Analysis on Pages 4 – 7 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the IDA's basic 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 supplemental bond information, the schedule of outstanding sale and 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 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 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 June 29, 2023; on our consideration of the IDA'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 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.

Mistert, Manzanero & Scott, LLP

Oneonta, New York
June 29, 2023

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the County of Delaware Industrial Development Agency (the "IDA") (a component unit of Delaware County, New York), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the IDA for the fiscal year ended December 31, 2022. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements taken as a whole.

Budget

The IDA depends on grants, with a minimal amount of operating income, to extend its programs. The IDA files for various grants and loans to provide economic development assistance in Delaware County, notably the United States Department of Housing and Urban Development, the United States Department of Agriculture, and NYS Office of Community Renewal. However, the funding of these grants is not assured at the beginning of the year. Because the IDA does not know how much funding will be received during any year, how many loan applications will be approved, and what programs can be made available, the IDA cannot project the amount that it can use for its programs to project an accurate budget. The IDA strictly adheres to all other financial procedures and requirements of New York State General Municipal Law, Article 18A, and its own bylaws.

Overview of the Financial Statements

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

Financial Statements

The IDA's financial statements, provide readers with a comprehensive reporting of the IDA's 2022 and 2021 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 to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

The operating revenues for the IDA were \$1,008,983 for fiscal year 2022. Forgiven loans and grant conversions were major contributors to a decrease in net position of \$67,966. At the close of fiscal year 2022, the IDA had a net position of \$5,765,544.

The operating revenues for the IDA were \$1,147,553 for fiscal year 2021. Net operating income produced an increase in net position of \$100,568. At the close of fiscal year 2021, the IDA had a net position of \$5,825,643.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

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 loan funds are comprised of grants dedicated to this purpose and matching funds from the IDA's accumulated working capital. The revolving loan fund in the statements of net position is the major asset. For the IDA's loan funds, the financial statement shows a decrease from \$1,137,383 at year-end 2021 to \$873,420 at year-end 2022, a net decrease of \$263,963.

The IDA's current major capital assets consist of the following:

- A 2-acre parcel, with sewer and water improvements, of an original 15-acre tract, in its industrial park in Walton, New York for planned industrial locations.
- The IDA is currently leasing the former AJS Facility to three companies. The IDA made no improvements to the property in 2022 or in 2021. These projects are concurrent with the IDA's objectives of encouraging economic development in the county.
- Three properties used for the Amphenol project. The IDA received grant funding from the NYS Dormitory Authority to offset a portion of the cost of this project. The land is to be transferred to Amphenol in 2033.
- Six properties in Sidney Center for a stream bank restoration project to lessen flood impacts to the Hamlet of Sidney Center. Such a project was a requirement that was imposed upon the IDA by the U.S. Army Corps of Engineers as mitigation for environmental impacts associated with the Amphenol project.
- Four properties in the Village of Sidney. Three of the properties are located in the Sidney Industrial Park and the fourth is immediately adjacent to the Industrial Park. The properties, all of which were vacant at the time of acquisition, were acquired for the purpose of being redeveloped into shovel ready sites and/or buildings to be made available for the expansion or location of businesses. The properties located at 12 and 14 Winkler Road were subsequently sold to facilitate the expansion of neighboring businesses.
- Two properties located at 135 Delaware Avenue in Sidney and 27905 State Highway 28 in Andes. The property located in Sidney will be redeveloped in support of a future project in planning stages. The property in Andes will be used as an Ag incubator.
- Four properties located in Delhi, New York and an additional property that was under contract closed subsequent to year end located in Stamford, New York. The properties were acquired to be made available for the expansion of local area businesses.

Goals and Accomplishments

The primary goals of the IDA in 2022 were the continued management of the IDA's low interest loan funds to provide new and existing businesses with access to capital to support new investments, resulting in job creation and the acquisition and development of shovel ready sites and buildings to meet the future needs of business projects.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

In 2022, the IDA formed the Delhi Sewage Works Corporation (the "Corporation"). The IDA transferred all the pipeline's assets to the DSWC. The IDA is the sole shareholder of the Corporation and continues to address issues regarding the infrastructure supporting Saputo and Friesland Campina in Delhi and assisted in the redevelopment of a blighted parcel in the Village of Delhi.

In 2021, the IDA and LDC provided 5 businesses with direct loans of \$220,000 resulting in nearly \$2.7 million of new investment and the retention of 8 existing jobs and 10 new jobs in Delaware County. Additionally, this funding led to the creation of 3 new businesses within the County.

The following is a 2022 – 2020 comparative summary of the IDA's financial statements, showing the change in net position:

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY'S
NET POSITION

	<u>2022</u>	<u>Restated 2021</u>	<u>2020</u>
Current assets	\$ 2,426,575	\$ 2,187,750	\$ 1,709,410
Non-current assets	<u>3,469,450</u>	<u>3,843,913</u>	<u>4,297,049</u>
Total assets	<u>5,896,025</u>	<u>6,031,663</u>	<u>6,006,459</u>
Current liabilities	21,440	28,698	37,860
Non-current liabilities	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>
Total liabilities	<u>39,440</u>	<u>46,698</u>	<u>55,860</u>
Deferred inflows of resources	<u>91,041</u>	<u>159,322</u>	<u>-</u>
Total net position	<u>\$ 5,765,544</u>	<u>\$ 5,825,643</u>	<u>\$ 5,950,599</u>

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY'S
CHANGE IN NET POSITION

	<u>2022</u>	<u>Restated 2021</u>	<u>2020</u>
Operating revenues	\$ 1,008,983	\$ 1,147,553	\$ 373,293
Operating expenses	<u>(1,076,949)</u>	<u>(1,046,985)</u>	<u>(680,484)</u>
Operating income (loss)	(67,966)	100,568	(307,191)
Gain on sale of fixed assets	5,855	1,823	-
Non-operating income – Investment	292	256	719
Uncollectible accounts receivable	<u>1,720</u>	<u>-</u>	<u>-</u>
Change in net position	(60,099)	102,647	(306,472)
Net position – Beginning of year, restated	<u>5,825,643</u>	<u>5,722,996</u>	<u>6,257,071</u>
Net position – End of year	<u>\$ 5,765,544</u>	<u>\$ 5,825,643</u>	<u>\$ 5,950,599</u>

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors

In 2018, the Community Development Block Grant (CDBG) Program announced a change in policy regarding the retention of CDBG program income. Any program income not committed for eligible CDBG programs and approved by the NYS Office of Community Renewal by March 31, 2019, was to be returned.

In an effort to keep the funds within Delaware County, the IDA converted \$105,000 of loans into grants in 2022 and \$190,000 in 2021. The IDA also issued several new loans that may be converted to grants in the coming years, depending on the grantee meeting investment and job creation goals. This may negatively impact the IDA's financial position for the next number of years.

Requests for Information

Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Glenn Nealis, Executive Director, County of Delaware Industrial Development Agency, 1 Courthouse Square, Suite 4, Delhi, New York 13753.

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COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

COMBINED STATEMENTS OF NET POSITION

December 31, 2022 and 2021

<u>ASSETS</u>	<u>2022</u>	<u>Restated 2021</u>
Current assets:		
Cash and cash equivalents	\$ 1,825,714	\$ 1,560,849
Restricted cash	159,091	84,454
Accounts receivable	5,471	26,089
Prepaid expenses	3,001	5,363
Due from related party	85,282	68,951
Lease receivable - Current	23,937	22,046
Current portion of loans receivable	324,079	419,998
Total current assets	<u>2,426,575</u>	<u>2,187,750</u>
Noncurrent assets:		
Capital assets, net	2,757,517	2,939,999
Lease receivable - Noncurrent	162,592	186,529
Long-term portion of loans receivable, net of allowance for bad debts of \$97,321 for 2022 and \$59,794 for 2021	549,341	717,385
Total noncurrent assets	<u>3,469,450</u>	<u>3,843,913</u>
Total assets	<u>5,896,025</u>	<u>6,031,663</u>
<u>LIABILITIES AND NET POSITION</u>		
Current liabilities:		
Accounts payable	21,168	3,069
Unearned revenue	-	25,166
Other liabilities	272	463
Total current liabilities	<u>21,440</u>	<u>28,698</u>
Long-term liabilities:		
Due to Federal Housing Administration (FHA)	18,000	18,000
Total noncurrent liabilities	<u>18,000</u>	<u>18,000</u>
Total liabilities	<u>39,440</u>	<u>46,698</u>
Deferred inflow of resources:		
Deferred inflow - Lease	91,041	159,322
Total deferred inflow of resources	<u>91,041</u>	<u>159,322</u>
Net position:		
Investment in capital assets	2,757,517	2,939,999
Restricted for loans	1,032,511	1,221,837
Unrestricted	1,975,516	1,663,807
Total net position	<u>\$ 5,765,544</u>	<u>\$ 5,825,643</u>

See accompanying notes.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

COMBINED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

Years Ended December 31, 2022 and 2021

	2022	Restated 2021
Operating revenues:		
Pipeline usage fees	\$ 98,893	\$ 6,121
County of Delaware	221,750	201,815
Interest income and late fees	47,231	37,698
Grants	-	25,218
Miscellaneous	4,532	2,529
PILOT fees	500,696	735,499
Lease payments collected	68,281	68,281
Rental income	67,600	70,392
Total operating revenues	1,008,983	1,147,553
Operating expenses:		
PILOT program	560,632	716,843
Pipeline contractual expense	42,900	-
Depreciation	21,237	21,105
Insurance	25,856	29,741
Forgiven loans and grant conversions	105,000	190,000
Miscellaneous	4,356	4,403
Office expense	7,471	-
Professional fees	47,835	19,189
Promotional/marketing	2,000	1,072
Repairs and maintenance	30,653	-
Rental expense	23,026	10,859
Travel expense	2,554	-
Property taxes	20,009	16,968
Grant to LDC	15,000	-
Utilities	6,248	-
Project expenses	67,500	23,782
Salaries and wages	12,000	12,000
Payroll taxes	1,023	1,023
Bad debt	81,649	-
Total operating expenses	1,076,949	1,046,985
Operating income (loss)	(67,966)	100,568
Non-operating revenue and expenses:		
Gain on the sale of fixed assets	5,855	1,823
Investment interest	292	256
Uncollectible accounts recovered	1,720	-
Net income (loss)	(60,099)	102,647
Net position - Beginning of year	5,825,643	5,950,599
Prior period adjustment	-	(227,603)
Net position - Beginning of year, restated	5,825,643	5,722,996
NET POSITION - END OF YEAR	\$ 5,765,544	\$ 5,825,643

See accompanying notes.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

COMBINED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>Restated 2021</u>
Cash flows from operating activities:		
Grant and donation income	\$ 221,750	\$ 227,033
Cash received from services provided	663,022	831,057
Interest income on loans and leases	47,231	37,002
Lease revenue	22,046	19,028
Other revenue received	4,532	2,529
Other operating payments	(870,813)	(935,704)
Repayment of loans	282,139	294,727
Issuance of loans	(200,661)	(63,740)
Cash received on sale of real property	171,307	25,917
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>340,553</u>	<u>437,849</u>
Cash flows from capital and related financing activities:		
Gain on disposal of assets	5,855	1,823
Purchase of capital assets	(7,198)	(168,443)
NET CASH USED IN CAPITAL ACTIVITIES	<u>(1,343)</u>	<u>(166,620)</u>
Cash flows from investing activities:		
Investment income	292	256
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>292</u>	<u>256</u>
Increase in cash and cash equivalents	339,502	271,485
Cash - Beginning of year	1,645,303	1,373,818
CASH - END OF YEAR	<u>\$ 1,984,805</u>	<u>\$ 1,645,303</u>
Reconciliation of operating income to net cash provided by operating activities:		
Net operating income (loss)	\$ (67,966)	\$ 100,568
Depreciation	21,237	21,105
Bad debt recovered	1,720	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	20,618	(11,485)
Increase in due from related party	(16,331)	(68,951)
(Increase) decrease in prepaid expense	2,362	(1,546)
Decrease in lease receivable	22,046	19,028
Decrease in loans receivable	263,963	420,987
Decrease in capital assets due to land sale	168,443	38,249
Increase (decrease) in unearned revenue	(25,166)	25,166
Increase (decrease) in accounts payable and other liabilities	17,908	(36,991)
Decrease in deferred outflows of resources - Leases	(68,281)	(68,281)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 340,553</u>	<u>\$ 437,849</u>

See accompanying notes.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 1 ORGANIZATION

Primary Government

The County of Delaware Industrial Development Agency (the “IDA”), in Delhi, New York, is a public benefit corporation established June 17, 1971, under the mandate of Article 18-A, “New York State Industrial Development Agency Act”, of New York State general municipal law.

The IDA was established to improve the quality of life in Delaware County by assisting businesses and industry for the purpose of retaining and expanding existing job opportunities, attracting new jobs, and stimulating the investment of capital in the county.

The IDA is a component unit of Delaware County, New York based on the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14 and as amended by GASB No. 39. The criteria includes financial dependency (Delaware County reimburses substantially all of the IDA’s operating expenditures), financial accountability (the IDA must submit all financial reports to Delaware County) and oversight responsibility (certain of Delaware County’s Board of Supervisors are members of the IDA’s Board of Directors).

Component Unit

The Delhi Sewage Works Corporation (the “Corporation”) is a component unit of the IDA. The Corporation was established on December 9, 2021, by the IDA for the purpose of owning, operating, and maintaining a pipeline that services two industries in the surrounding area. The IDA owns 100% of the Corporation and is the sole member of the corporation.

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the Corporation have been included in the financial reporting entity of the IDA as a blended component unit. The blended component unit’s balances are reported in the same manner as the primary government and are combined into one primary government column.

Related Entity

The IDA has a related party relationship with the County of Delaware Local Development Corporation (the “LDC”). The LDC is a non-profit organization and shares its constituency, membership, and purpose with the IDA. The LDC was incorporated in August 1998 and became active during the year ended December 31, 2000. There are separately issued financial statements for the LDC.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The IDA follows enterprise fund reporting. Enterprise funds are used to account for business like activities. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

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

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. Under this method, revenue is recognized when earned and expenses are recognized when incurred, fixed assets and land are recorded at cost. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The following is a summary of the significant accounting policies followed in the preparation of the IDA’s financial statements. The accounting policies of the IDA conform to accounting principles generally accepted in the United States of America (U.S. GAAP). The IDA reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents – For the purposes of presenting the statements of cash flows, the IDA considers all demand deposits, time and savings accounts and certificates of deposit with an original maturity of three months or less to be cash equivalents. Certificates of deposits are stated at cost plus accrued interest receivable. Restricted cash is included in the statement of cash flows. Such basis approximates market.

Accounts Receivable – Accounts receivable are shown net of the allowance for uncollectible accounts in accordance with U.S. GAAP. Receivables for loans and mortgages are reviewed periodically by management to update the provisions for uncollectible amounts. These provisions are estimated based on an analysis of the aging of the receivable and any other factors known by management.

Allowance for Uncollectible Amounts – Notes receivable are recorded at their full value. Uncollectible amounts are charged to expenditures using the reserve method. The allowance for uncollectible loans receivable was \$97,321 and \$59,794 for the IDA as of December 31, 2022, and 2021, respectively.

Prepaid Expenditures – Certain payments to vendors reflect costs related to future accounting periods and are recorded as prepaid items.

Deferred Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The IDA has one item that qualifies for reporting in this category, which is deferred amounts related to the lease receivable – See Note 7.

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 reported period. Actual results could differ from those estimates.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

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

Income Taxes – The IDA is an entity that is operated by a governmental organization and is exempt from Federal, State and local income taxes.

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.

Contributed Facilities and Services – The IDA, with the consent of the Board of Representatives from Delaware County, is authorized to use and has shared county employees, facilities, and equipment. The value of these facilities and services is not included within these financial statements.

Investment Policy – The IDA's investment policies are governed by State statutes. In addition, the IDA has its own written investment policy. IDA monies must be deposited in 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.

Operating Revenues and Expenses – 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.

Capital Assets – Buildings are depreciated using the straight-line method of accounting over the assets estimated useful life of 39 years.

Net Position – The IDA reports its net position in three components. Net investment in capital assets are equal to amounts reported for capital assets, net of related debt and accumulated depreciation. Restricted net position are reported when assets (net of related debt) can only be used for a specified purpose that is established by grantors, contributors, laws or regulations governing the IDA. For this reason, all restricted net position is considered expendable. Unrestricted net position is all other IDA net assets that do not meet the definitions of invested in capital position or restricted net assets.

Accounting Pronouncements

The IDA has evaluated GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 92, *Omnibus 2020*, GASB Statement No. 93, *Replacement of Interbank Offered Rates*, GASB Statement No. 97, *Certain Component Unit Criteria*, and *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84*, and a supersession of GASB Statement No. 32 and GASB Statement No. 98, *The Annual Comprehensive Financial Report* and have determined that there is no significant impact for the year ended December 31, 2022 related to these Statements.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

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

Accounting Pronouncements (Cont'd.)

The IDA has evaluated and implemented GASB No. 87 – *Leases* retrospectively at January 1, 2022. GASB No. 87 better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governmental entities.

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 – Subsequent events were evaluated through June 29, 2023, which is the date the financial statements were available to be issued.

NOTE 3 CASH AND CASH EQUIVALENTS

State statutes require that collateral be pledged for demand deposits, time deposits, and certificates of deposit at 100% of deposits not covered by the Federal Deposit Insurance Corporation (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 State authorized insurance companies. At December 31, 2022, \$2,104,239 was fully covered by FDIC or collateralized by securities. Petty cash in the amount of \$12 was not covered by the FDIC or collateralized by securities. At December 31, 2021, \$1,646,033 was fully covered by the FDIC or collateralized by securities. Petty cash in the amount of \$12 was not covered.

NOTE 4 FEDERAL AND STATE AID CONTINGENCIES

The IDA has received Federal and State Aid and Grants that are subject to audit by agencies of the Federal and State governments. Such audits may result in disallowances and a request for a return of funds to the Federal and/or State agencies(s). The IDA believes disallowances, if any, will be immaterial.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 5 LOANS RECEIVABLE

Loans Receivable – HUD, Micro, and GOSC

The IDA administers the United States Department of Housing and Urban Development (HUD), Micro, and Governors’ Office for Small Cities (GOSC) Grant programs on behalf of Delaware County. The IDA was awarded grants through HUD and GOSC, which was then sub-granted to the IDA.

The activity for the year ended December 31, 2022, for HUD, Micro, and GOSC loans was as follows:

<u>Borrower</u>	<u>01/01/2022</u> <u>Principal</u>	<u>Advances</u>	<u>Write Offs/</u> <u>Repayments</u>	<u>12/31/2022</u> <u>Principal</u>
Ate O Ate	\$ 23,162	\$ -	\$ (12,033)	\$ 11,129
Franklin Family Nurse Practitioner Svcs.	70,493	-	(10,955)	59,538
Empower Fitness	33,250	-	(3,406)	29,844
The Hitching Post	39,041	477	(2,197)	37,321
David and Lisa Holscher	19,999	-	(2,382)	17,617
Cynthia Kokos	5,000	-	(5,000)	-
Mathew Ross	8,086	-	(2,363)	5,723
Eklund’s Family Farm	100,000	-	(100,000)	-
O’Neills Shire Pub	38,175	-	(4,632)	33,543
Catskill Seasons	13,030	-	(13,030)	-
Verdugo Hospitality	19,641	-	(7,091)	12,550
Verdugo Hospitality	<u>33,714</u>	<u>-</u>	<u>(6,977)</u>	<u>26,737</u>
	<u>\$ 403,591</u>	<u>\$ 477</u>	<u>\$ (170,066)</u>	<u>234,002</u>
Less: Current portion				<u>(86,610)</u>
Long term receivable – HUD, Micro, and GOSC				<u>\$ 147,392</u>

Loans Receivable – IDA, ED, and Millennium

<u>Borrower</u>	<u>01/01/2022</u> <u>Principal</u>	<u>Advances</u>	<u>Write Offs/</u> <u>Repayments</u>	<u>12/31/2022</u> <u>Principal</u>
Integrated Wood	\$ 68,691	\$ -	\$ (7,626)	\$ 61,065
Rock Valley Spirits	55,791	-	(10,102)	45,689
Alpine Roofing	54,146	-	(10,169)	43,977
Eklund Family Farm Machinery	56,476	-	(11,016)	45,460
Mr. Mechanical	1,339	-	(1,339)	-
21476 St. Hwy. 23, LLC	112,988	-	(112,988)	-
724 Main St. Corp.	42,916	-	(1,954)	40,962
Catskill Dance Moves	2,262	-	(2,262)	-
Kimchee Harvest	1,802	-	(1,542)	260

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 5 LOANS RECEIVABLE (Cont'd.)

Loans Receivable – IDA, ED, and Millennium (Cont'd.)

<u>Borrower</u>	<u>01/01/2022</u> <u>Principal</u>	<u>Advances</u>	<u>Write Offs/ Repayments</u>	<u>12/31/2022</u> <u>Principal</u>
Muddy River Hops	\$ 4,081	\$ -	\$ -	\$ 4,081
Elena's Michael Catering	10,249	-	(2,131)	8,118
Catskill Regional Harvest	12,402	-	(12,402)	-
Courier Printing	86,754	-	(12,225)	74,529
Johnston & Rhodes	63,536	-	(3,664)	59,872
Ann Jones	6,509	-	(1,757)	4,752
Catskill Regional Harvest LOC	30,000	-	(30,000)	-
George Jones	4,446	-	(1,095)	3,351
Linda Jones	12,703	-	(2,859)	9,844
Wild Common, LTD	4,607	-	(4,607)	-
Sal Cottone	10,000	-	-	10,000
Beaver Mountain	50,452	-	(13,361)	37,091
Integrated Wood II	50,000	-	-	50,000
Stamford Gables	51,436	-	(8,048)	43,388
Delhi Hospitality	-	4,320	-	4,320
Maple Shade Farm	-	10,000	-	10,000
Zada's Bar	-	9,980	-	9,980
Johnston & Rhodes II	-	100,000	-	100,000
Johnston & Rhodes, III	-	50,000	-	50,000
Shackelton Auto	-	20,000	-	20,000
	<u>\$ 793,586</u>	<u>\$ 194,300</u>	<u>\$ (251,147)</u>	736,739
Less: Current portion				<u>(237,469)</u>
Long-term receivable – IDA, ED, and Millennium				<u>\$ 499,270</u>

As of December 31, loans receivable can be summarized as follows:

	<u>2022</u>	<u>2021</u>
HUD, Micro and GOSC loans	\$ 234,002	\$ 403,591
IDA, ED, and Millennium loans	<u>736,739</u>	<u>793,586</u>
Subtotal	970,741	1,197,177
Less: Current portion	<u>(324,079)</u>	<u>(419,998)</u>
Subtotal	646,662	777,189
Less: Allowance	<u>(97,321)</u>	<u>(59,794)</u>
Long-term portion	<u>\$ 549,341</u>	<u>\$ 717,395</u>

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
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NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 6 CAPITAL ASSETS, NET

Capital assets as of December 31, were comprised of the following:

	Accumulated Cost	Book Depreciation	Book Value
<u>2022</u>			
Depreciable:			
Buildings	\$ 769,576	\$ 245,161	\$ 524,415
Equipment	7,198	1,028	6,170
Total depreciable	776,774	246,189	530,585
Non-Depreciable:			
Land	1,149,988	-	1,149,988
Amphenol project	1,076,944	-	1,076,944
Total non-depreciable	2,226,932	-	2,226,932
Capital assets, net	\$ 3,003,706	\$ 246,189	\$ 2,757,517
<u>2021</u>			
Depreciable – Buildings	\$ 769,576	\$ 224,952	\$ 544,624
Non-Depreciable:			
Land	1,318,431	-	1,318,431
Amphenol project	1,076,944	-	1,076,944
Total non-depreciable	2,395,375	-	2,395,375
Capital assets, net	\$ 3,164,951	\$ 224,952	\$ 2,939,999

Depreciation at December 31, 2022 and 2021 amounted to \$21,237 and \$21,105, respectively.

In 2019, the IDA purchased four properties in Delhi, New York and entered into a contract that closed subsequent to year end to purchase additional property in Stamford, New York. The properties were acquired to be made available for the expansion of local area businesses.

Between 2015 and 2018, the IDA purchased seven (7) properties located in the Villages of Sidney, Andes and Walton, New York. These properties were acquired for the purpose of being redeveloped into shovel ready sites and/or buildings to be made available for the expansion for location of businesses. Three of the seven properties were subsequently sold to facilitate the expansion of neighboring businesses.

From 2014 through 2016, the IDA purchased six properties for a stream bank restoration project with a total cost of \$55,381. The project was imposed on the IDA by the U.S. Army Corp of Engineers as mitigation for environmental impacts associated with the Amphenol Project.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
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NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 6 CAPITAL ASSETS, NET (Cont'd.)

During 2012, the IDA purchased three separate properties for the Amphenol project with a total cost of \$1,076,944. In 2014, the IDA received grant money to offset the cost of this project. The IDA plans to turn over these properties to Amphenol in 2033.

In 2010, the IDA purchased the former AJS Facility. The IDA made no improvements to the property in 2022 or 2021. The IDA is currently leasing this building to three companies. In 2009, the Sidney IDA transferred the following properties to the IDA:

- 21 acres of vacant land located on Lower River Street, Sidney, New York with a fair market value (FMV) of \$76,000; and
- A 3-bedroom ranch house on 3 acres of land located on River Street, Sidney, New York with a FMV of \$86,000.

In 1982, the IDA purchased a 15-acre industrial park in Walton, New York at a cost of \$112,500. The property was purchased for potential industrial development in connection with the issuance of IDA bonds. As of December 31, 2014, the IDA had sold 12 acres and has 3 acres left with a cost basis of \$18,156.

NOTE 7 LEASE RECEIVABLE

During the year ended December 31, 2022, the IDA implemented GASB Statement No. 87 – *Leases*. This accounting pronouncement was adopted retrospectively and required the restatement of net position in the amount of \$227,603 – See Note 14.

The IDA is a lessor for leases of real estate. The IDA recognized a lease receivable and a deferred inflow of resources in the combined financial statements.

At the commencement of a lease, The IDA initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as a revenue over the life of the lease term.

Key estimates and judgements include how the IDA determines 1) the discount rate used to discount the expected lease receipts to present value; 2) lease term; and 3) lease receipts.

The IDA uses a 3.00% Incremental Rate of Return (IRR) for their real estate leases.

The lease term includes the non-cancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
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NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 7 LEASE RECEIVABLE (Cont'd.)

The IDA monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

The total amount of inflows of resources, including lease revenue of \$68,281 and interest revenue of \$5,954, was recognized during the fiscal year.

The aggregate maturities of the lease receivables mature as follows:

2023	\$ 23,937
2024	<u>162,592</u>
Total	<u>\$ 186,529</u>

NOTE 8 SHORT-TERM LEASE AGREEMENTS

The IDA currently holds 3 lease agreements for the former AJS facility. Total rental income received under the current and prior lease agreements amounted to \$58,600 and \$55,633 for the years ending December 31, 2022, and 2021, respectively.

The IDA also has a lease for property located on River Street in Sidney, New York. Rental income received under this agreement was \$9,000 for 2022 and \$11,000 for 2021.

All of these leases are considered short term (12 months or less) and reevaluated on a month-to-month basis. The IDA has elected to apply the short-term lease exception and not record a lease receivable and related deferred inflow.

NOTE 9 RESTRICTED CASH

During 2002, the County of Delaware issued loans from grants received from the United States Department of Agriculture (USDA) and United States Department Housing and Urban Development (HUD), which are being administered by the IDA. The IDA collects the loan payments for the HUD program and holds them in a separate bank account. The County pays the IDA's applicable administrative costs. The balances of the repayments received which are held by the IDA as of December 31, 2022, and 2021 were \$159,091 and \$84,454, respectively, and is reflected as restricted cash. These funds are available for relending.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 10 INDUSTRIAL REVENUE BOND AND NOTE TRANSACTIONS

Certain industrial development revenue bonds and notes issued by the IDA are secured by property that is leased to companies. The bonds and notes are not obligations of the IDA or the State of New York. The IDA does not record the assets or a liability resulting from completed bond and note issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising there from 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. Since its inception, the IDA has issued various bonds under these and similar arrangements (See the schedule of supplemental bond information).

NOTE 11 COMMITMENTS AND CONTINGENCIES

A. The industrial park in Walton, New York was purchased at a cost of \$112,500. The Farmers Home Administration (FHA) provided IDA with \$90,000 to finance the purchase. The terms of this arrangement require that the IDA reimburse the FHA \$6,000 for each sellable acre sold. Since only 92% of the land is salable, the original contingent liability was \$82,800.

To date, 12 acres of land have been sold. The IDA previously sold three acres which has not been reimbursed. A liability has been recorded for \$18,000 due to FHA for this sale.

B. At December 31, 2022 and 2021, the IDA has restricted net position of \$1,032,511 and \$1,221,837, respectively, which represents restricted cash available for relending and the net loans receivable balance as of year-end.

C. The IDA is exposed to various risks of loss related to theft of, damage to, and destruction of assets; injuries to related parties and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

NOTE 12 RELATED PARTY TRANSACTIONS

The IDA has a related party relationship with the County of Delaware Local Development Corporation (the LDC). The LDC is a non-profit organization and shares its constituency, membership, and purpose with the IDA. The LDC was incorporated in August 1998, and became active during the year ended December 31, 2000. There are separately issued audited financial statements for the LDC.

Dependent upon need, the IDA transfers funding to the LDC for administration and support services.

In 2021, the LDC received donated property. The property had back taxes owed on it in the amount of \$68,951. The IDA paid this amount and expects to be reimbursed by the LDC in a subsequent year. In 2022, the IDA paid additional expenses relating to the property in the amount of \$16,331, bringing the total amount that is expected to be reimbursed by the LDC to \$85,282.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 13 POLICY CHANGE FOR COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM INCOME GUIDELINES

In 2018, the Community Development Block Grant (CDBG) program announced a change in policy regarding the retention of CDBG program's income. Program income includes principal and interest on loans made using the CDBG grant funds. The IDA may use any program income in their possession (received prior to March 31, 2019) for CDBG eligible programs if the funds were committed by March 31, 2019. Any program income in the IDA's possession that was not committed in writing for eligible CDBG activities and approved by the NYS Office of Community Renewal by March 31, 2019, was to be returned no later than April 30, 2019.

In an effort to keep the funds within Delaware County, the IDA converted the remaining \$105,000 of CDBG loans into grants in 2022 and \$190,000 in 2021.

NOTE 14 CHANGE IN REPORTING ENTITY.

Effective December 9, 2021, the IDA established a new fund, the Delhi Sewage Works Corporation (the "Corporation") fund, to record all financial transactions related to operating the pipeline. This change in reporting entity was implemented retrospectively on January 1, 2021. This resulted in an increase in revenues of \$6,121 and an increase of expenditures of \$2,664, producing a net position of \$3,457 as of December 31, 2021. The 2021 financial statements have been restated to reflect this change.

NOTE 15 CHANGE IN ACCOUNTING PRINCIPLE.

Effective January 1, 2021, the IDA implemented GASB Statement No. 87, *Leases* retrospectively. This resulted in a decrease in the IDA's funds beginning net position of \$227,603. The beginning balances of deferred inflow of resources and lease revenue were also restated \$159,322 and \$68,281, respectively, to show the net lease activity as of December 31, 2021.

The summary of the changes to beginning net position of the IDA fund are as follows:

Beginning net position as of January 1, 2021,	\$ 5,950,599
Prior period adjustment due to:	
GASB Statement No. 87	<u>(227,603)</u>
Net position at January 1, 2021, Restated	<u>\$ 5,722,996</u>

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

COMBINING STATEMENTS OF NET POSITION

December 31, 2022 and 2021

	2022			
	IDA	DSWC	Total Before Eliminations	Eliminations
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 1,821,334	\$ 4,380	\$ 1,825,714	\$ -
Restricted cash	159,091	-	159,091	-
Accounts receivable	503	4,968	5,471	-
Prepaid expenses	3,001	-	3,001	-
Due from related party	85,282	-	85,282	-
Due from other funds	3,045	5,170	8,215	(8,215)
Lease receivable - Current	23,937	-	23,937	-
Current portion of loans receivable	324,079	-	324,079	-
Total current assets	<u>2,420,272</u>	<u>14,518</u>	<u>2,434,790</u>	<u>(8,215)</u>
Capital assets, net	2,757,517	-	2,757,517	-
Lease receivable - Noncurrent	162,592	-	162,592	-
Long-term portion of loans receivable, net of allowance for bad debts of \$97,321-2022 and \$59,794-2021	549,341	-	549,341	-
Total noncurrent assets	<u>3,469,450</u>	<u>-</u>	<u>3,469,450</u>	<u>-</u>
Total assets	<u>5,889,722</u>	<u>14,518</u>	<u>5,904,240</u>	<u>(8,215)</u>
<u>LIABILITIES AND NET POSITION</u>				
Current liabilities:				
Accounts payable	13,683	7,485	21,168	-
	-	-	-	-
Unearned revenue	5,170	3,045	8,215	(8,215)
Other liabilities	272	-	272	-
Total current liabilities	<u>19,125</u>	<u>10,530</u>	<u>29,655</u>	<u>(8,215)</u>
Long-term liabilities:				
Due to Federal Housing Administration (FHA)	18,000	-	18,000	-
Total noncurrent liabilities	<u>18,000</u>	<u>-</u>	<u>18,000</u>	<u>-</u>
Total liabilities	<u>37,125</u>	<u>10,530</u>	<u>47,655</u>	<u>(8,215)</u>
Deferred inflow of resources:				
Deferred inflow - Leases	91,041	-	91,041	-
Total deferred inflow of resources	<u>91,041</u>	<u>-</u>	<u>91,041</u>	<u>-</u>
Net position:				
Investment in capital assets	2,757,517	-	2,757,517	-
Restricted for loans	1,032,511	-	1,032,511	-
Unrestricted	1,971,528	3,988	1,975,516	-
Total net position	<u>\$ 5,761,556</u>	<u>\$ 3,988</u>	<u>\$ 5,765,544</u>	<u>\$ -</u>

See accompanying notes.

2021					
Total	IDA	DSWC	Total Before Eliminations	Eliminations	Total
\$ 1,825,714	\$ 1,560,849	\$ -	\$ 1,560,849	\$ -	\$ 1,560,849
159,091	84,454	-	84,454	-	84,454
5,471	26,089	-	26,089	-	26,089
3,001	5,363	-	5,363	-	5,363
85,282	68,951	-	68,951	-	68,951
-	2,664	6,121	8,785	(8,785)	-
23,937	22,046	-	22,046	-	22,046
324,079	419,998	-	419,998	-	419,998
<u>2,426,575</u>	<u>2,190,414</u>	<u>6,121</u>	<u>2,196,535</u>	<u>(8,785)</u>	<u>2,187,750</u>
2,757,517	2,939,999	-	2,939,999	-	2,939,999
162,592	186,529	-	186,529	-	186,529
549,341	717,385	-	717,385	-	717,385
<u>3,469,450</u>	<u>3,843,913</u>	<u>-</u>	<u>3,843,913</u>	<u>-</u>	<u>3,843,913</u>
5,896,025	6,034,327	6,121	6,040,448	(8,785)	6,031,663
21,168	3,069	-	3,069	-	3,069
-	25,166	-	25,166	-	25,166
-	6,121	2,664	8,785	(8,785)	-
272	463	-	463	-	463
<u>21,440</u>	<u>34,819</u>	<u>2,664</u>	<u>37,483</u>	<u>(8,785)</u>	<u>28,698</u>
18,000	18,000	-	18,000	-	18,000
<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
39,440	52,819	2,664	55,483	(8,785)	46,698
91,041	159,322	-	159,322	-	159,322
<u>91,041</u>	<u>159,322</u>	<u>-</u>	<u>159,322</u>	<u>-</u>	<u>159,322</u>
2,757,517	2,939,999	-	2,939,999	-	2,939,999
1,032,511	1,221,837	-	1,221,837	-	1,221,837
1,975,516	1,660,350	3,457	1,663,807	-	1,663,807
<u>\$ 5,765,544</u>	<u>\$ 5,822,186</u>	<u>\$ 3,457</u>	<u>\$ 5,825,643</u>	<u>\$ -</u>	<u>\$ 5,825,643</u>

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

December 31, 2022 and 2021

	2022			
	IDA	DSWC	Total Before Eliminations	Eliminations
Operating revenues:				
Administration fees	\$ 12,000	\$ -	\$ 12,000	\$ (12,000)
Pipeline usage fees	-	98,893	98,893	-
County of Delaware	221,750	-	221,750	-
Interest income and late fees	47,231	-	47,231	-
Grants	-	-	-	-
Miscellaneous	4,532	-	4,532	-
PILOT fees	500,696	-	500,696	-
Lease payments collected	68,281	-	68,281	-
Rental income	67,600	-	67,600	-
Total operating revenues	<u>922,090</u>	<u>98,893</u>	<u>1,020,983</u>	<u>(12,000)</u>
Operating expenses:				
PILOT program	560,632	-	560,632	-
Pipeline contractual expense	-	42,900	42,900	-
Depreciation	21,237	-	21,237	-
Insurance	25,856	-	25,856	-
Forgiven loans and grant conversions	105,000	-	105,000	-
Miscellaneous	3,960	396	4,356	-
Office expense	7,471	-	7,471	-
Professional fees	41,668	18,167	59,835	(12,000)
Promotional/marketing	2,000	-	2,000	-
Repairs and maintenance	-	30,653	30,653	-
	23,026	-	23,026	-
Rental expense	2,554	-	2,554	-
Property taxes	20,009	-	20,009	-
Grant to LDC	15,000	-	15,000	-
Utilities	-	6,248	6,248	-
Project expenses	67,500	-	67,500	-
Salaries and wages	12,000	-	12,000	-
Payroll taxes	1,023	-	1,023	-
Bad debt	81,649	-	81,649	-
Total operating expenses	<u>990,585</u>	<u>98,364</u>	<u>1,088,949</u>	<u>(12,000)</u>
Operating income (loss)	(68,495)	529	(67,966)	-
Non-operating revenue and expenses:				
Gain on the sale of fixed assets	5,855	-	5,855	-
Investment interest	290	2	292	-
Uncollectible accounts recovered	1,720	-	1,720	-
Net income (loss)	<u>(60,630)</u>	<u>531</u>	<u>(60,099)</u>	<u>-</u>
Net position - Beginning of year	5,822,186	3,457	5,825,643	-
Prior period adjustment	-	-	-	-
Net position - Beginning of year, restated	<u>5,822,186</u>	<u>3,457</u>	<u>5,825,643</u>	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ 5,761,556</u>	<u>\$ 3,988</u>	<u>\$ 5,765,544</u>	<u>\$ -</u>

See accompanying notes.

2021					
Total	IDA	DSWC	Total Before Eliminations	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
98,893	-	6,121	6,121	-	6,121
221,750	201,815	-	201,815	-	201,815
47,231	37,698	-	37,698	-	37,698
-	25,218	-	25,218	-	25,218
4,532	2,529	-	2,529	-	2,529
500,696	735,499	-	735,499	-	735,499
68,281	68,281	-	68,281	-	68,281
67,600	70,392	-	70,392	-	70,392
<u>1,008,983</u>	<u>1,141,432</u>	<u>6,121</u>	<u>1,147,553</u>	<u>-</u>	<u>1,147,553</u>
560,632	716,843	-	716,843	-	716,843
42,900	-	-	-	-	-
21,237	21,105	-	21,105	-	21,105
25,856	29,741	-	29,741	-	29,741
105,000	190,000	-	190,000	-	190,000
4,356	4,403	-	4,403	-	4,403
7,471	-	-	-	-	-
47,835	16,525	2,664	19,189	-	19,189
2,000	1,072	-	1,072	-	1,072
30,653	-	-	-	-	-
23,026	10,859	-	10,859	-	10,859
2,554	-	-	-	-	-
20,009	16,968	-	16,968	-	16,968
15,000	-	-	-	-	-
6,248	-	-	-	-	-
67,500	23,782	-	23,782	-	23,782
12,000	12,000	-	12,000	-	12,000
1,023	1,023	-	1,023	-	1,023
81,649	-	-	-	-	-
<u>1,076,949</u>	<u>1,044,321</u>	<u>2,664</u>	<u>1,046,985</u>	<u>-</u>	<u>1,046,985</u>
(67,966)	97,111	3,457	100,568	-	100,568
5,855	1,823	-	1,823	-	1,823
292	256	-	256	-	256
1,720	-	-	-	-	-
<u>(60,099)</u>	<u>99,190</u>	<u>3,457</u>	<u>102,647</u>	<u>-</u>	<u>102,647</u>
5,825,643	5,950,599	-	5,950,599	-	5,950,599
-	(227,603)	-	(227,603)	-	(227,603)
<u>5,825,643</u>	<u>5,722,996</u>	<u>-</u>	<u>5,722,996</u>	<u>-</u>	<u>5,722,996</u>
<u>\$ 5,765,544</u>	<u>\$ 5,822,186</u>	<u>\$ 3,457</u>	<u>\$ 5,825,643</u>	<u>\$ -</u>	<u>\$ 5,825,643</u>

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

COMBINING STATEMENTS OF CASH FLOWS

December 31, 2022 and 2021

	2022		
	IDA	DSWC	Eliminations
Cash flows from operating activities:			
Grant and donation income	\$ 221,750	\$ -	\$ -
Cash received from services provided	580,716	94,306	(12,000)
Interest income on loans and leases	47,231	-	-
Lease revenue	22,046	-	-
Other revenue received	4,532	-	-
Other operating payments	(792,885)	(89,928)	12,000
Repayment of loans	282,139	-	-
Issuance of loans	(200,661)	-	-
Cash received on sale of real property	171,307	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	336,175	4,378	-
Cash flows from capital and related financing activities:			
Gain on disposal of assets	5,855	-	-
Purchase of capital assets	(7,198)	-	-
NET CASH USED IN CAPITAL ACTIVITIES	(1,343)	-	-
Cash flows from investing activities:			
Investment income	290	2	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	290	2	-
Increase in cash and cash equivalents	335,122	4,380	-
Cash - Beginning of year	1,645,303	-	-
	\$ 1,980,425	\$ 4,380	\$ -
CASH - END OF YEAR			
Reconciliation of operating income to net cash provided by operating activities:			
Net operating income (loss)	\$ (68,495)	\$ 529	\$ -
Depreciation	21,237	-	-
Bad debt recovered	1,720	-	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	25,586	(4,968)	-
(Increase) decrease in due from other funds	(381)	951	(570)
(Increase) in due from related party	(16,331)	-	-
(Increase) decrease in prepaid expense	2,362	-	-
Decrease in lease receivable	22,046	-	-
Decrease in loans receivable	263,963	-	-
Decrease in capital assets due to land sale	168,443	-	-
Increase (decrease) in due to other funds	(951)	381	570
Increase (decrease) in unearned revenue	(25,166)	-	-
Increase (decrease) in accounts payable and other liabilities	10,423	7,485	-
Decrease in deferred outflows of resources - leases	(68,281)	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 336,175	\$ 4,378	\$ -

See accompanying notes.

2021

Total	IDA	DSWC	Eliminations	Total
\$ 221,750	\$ 227,033	\$ -	\$ -	\$ 227,033
663,022	831,057	-	-	831,057
47,231	37,002	-	-	37,002
22,046	19,028	-	-	19,028
4,532	2,529	-	-	2,529
(870,813)	(935,704)	-	-	(935,704)
282,139	294,727	-	-	294,727
(200,661)	(63,740)	-	-	(63,740)
171,307	25,917	-	-	25,917
<u>340,553</u>	<u>437,849</u>	<u>-</u>	<u>-</u>	<u>437,849</u>
5,855	1,823	-	-	1,823
(7,198)	(168,443)	-	-	(168,443)
<u>(1,343)</u>	<u>(166,620)</u>	<u>-</u>	<u>-</u>	<u>(166,620)</u>
292	256	-	-	256
<u>292</u>	<u>256</u>	<u>-</u>	<u>-</u>	<u>256</u>
339,502	271,485	-	-	271,485
<u>1,645,303</u>	<u>1,373,818</u>	<u>-</u>	<u>-</u>	<u>1,373,818</u>
<u>\$ 1,984,805</u>	<u>\$ 1,645,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,645,303</u>
\$ (67,966)	\$ 97,111	\$ 3,457	\$ -	\$ 100,568
21,237	21,105	-	-	21,105
1,720	-	-	-	-
20,618	(11,485)	-	-	(11,485)
-	(2,664)	(6,121)	8,785	-
(16,331)	(68,951)	-	-	(68,951)
2,362	(1,546)	-	-	(1,546)
22,046	19,028	-	-	19,028
263,963	420,987	-	-	420,987
168,443	38,249	-	-	38,249
-	6,121	2,664	(8,785)	-
(25,166)	25,166	-	-	25,166
17,908	(36,991)	-	-	(36,991)
(68,281)	(68,281)	-	-	(68,281)
<u>\$ 340,553</u>	<u>\$ 437,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437,849</u>

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

SCHEDULE OF SUPPLEMENTAL BOND INFORMATION

December 31, 2022

Purchaser	Issuee	Issue Date	Price	Rate	Balance	Due Date
First Albany Capital	Delaware Valley Hospital 1 Titus Place Walton, NY 13856	07/01/07	\$ 5,805,000	4.17%	\$ -	07/01/32
Bond Purpose:	Services					

*This bond was paid in full during the year ended December 31, 2022.

See auditors' report.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

SCHEDULE OF OUTSTANDING SALE AND LEASE AGREEMENTS

Year Ended December 31, 2022

Project Owner Project Owner Address	Purpose	Tax Exemptions			
		Sales Tax Exemptions		Real Property	
		State	Local	County	Local
Burton F. Clark, Inc. dba Clark Companies I 41155 State Road 10 Delhi, NY 13753	Construction	\$ -	\$ -	\$ 1,701	\$ 1,808
Burton F. Clark, Inc. dba Clark Companies II 41155 State Road 10 Delhi, NY 13753	Construction	-	-	17,805	18,919
Burton F. Clark, Inc. dba Clark Companies III 41155 State Road 10 Delhi, NY 13753	Construction	-	-	20,114	21,373
Masserson Properties 2258 Country Route 41 Roxbury, NY 12474	Construction	-	-	6,748	5,567
Stratton Falls Campsites 2258 County Route 41 Roxbury, NY 12474	Construction	-	-	6,748	5,567
Chapel Hill Land Holdings 431 Chapel Hill Road Hancock, NY 13783	Construction	-	-	3,786	1,970
Delhi Rehabilitation & Nursing Center 41861 State Highway 10 Delhi, NY 13753	Construction	-	-	40,835	43,391
Hancock Compressor Station 1579 Hungry Hill Road Hancock, NY 13783	Construction	-	-	42,924	22,332
Total		\$ -	\$ -	\$ 140,661	\$ 120,927

See auditors' report

<u>Tax</u>	<u>Mortgage</u>	<u>Total</u>	<u>Payment in Lieu of Taxes</u>			
<u>School</u>	<u>Recording</u>	<u>Exemptions</u>	<u>County</u>	<u>Local</u>	<u>School</u>	<u>Total</u>
\$ 4,048	\$ -	\$ 7,557	\$ 10,046	\$ 10,676	\$ 19,066	\$ 39,788
38,514	-	75,238	1,539	16,331	40,421	58,291
44,868	-	86,355	5,068	5,385	15,050	25,503
12,690	-	25,005	10,872	8,970	24,587	44,429
12,690	-	25,005	9,728	6,804	22,166	38,698
7,400	-	13,156	12,676	6,595	29,925	49,196
86,369	-	170,595	71,548	76,027	181,042	328,617
<u>104,159</u>	<u>-</u>	<u>169,415</u>	<u>42,924</u>	<u>29,046</u>	<u>104,159</u>	<u>176,129</u>
<u>\$ 310,738</u>	<u>\$ -</u>	<u>\$ 572,326</u>	<u>\$ 164,401</u>	<u>\$ 159,834</u>	<u>\$ 436,416</u>	<u>\$ 760,651</u>

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

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

Year Ended December 31, 2022

	# of FTE Employees at Project Locations Before Agency Status	Original Estimate of Jobs to be Created
Issue:		
Delaware Valley Hospital, Inc	121	0
Project Owner:		
Burton F. Clark, Inc. dba Sports Edge, Inc. I	8	40
Burton F. Clark, Inc. dba Sports Edge, Inc. II	8	40
Burton F. Clark, Inc. dba Sports Edge, Inc. III	62	15
Burton F. Clark, Inc. dba Sports Edge, Inc. V	103	20
Masseron Properties, Inc	3	2
Millennium Pipeline	2	2
Chapel Hill	0	3
Delhi Rehabilitation & Nursing	0	194
Hancock Compressor Station	0	2
Masserson Properties - Stratton Falls	0	4
	307	322

See auditor's report.

Original Estimate of Jobs to be Retained	# of Current FTE Employees	# of FTE Jobs Created During Fiscal Year	# of FTE Jobs Retained During Fiscal Year
121	121	0	121
8	151	0	8
8	151	0	8
62	151	0	62
103	151	0	103
3	17	0	3
2	2	0	2
3	4	0	3
194	125	0	194
2	2	0	2
3	3	0	3
509	878	0	509

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Jason L. Waite, CPA

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
County of Delaware Industrial Development Agency
Delhi, 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 County of Delaware Industrial Development Agency (the "IDA") (a component unit of Delaware County, New York), which comprise of the statements of net position and the related statements of revenues, expenses and changes in net position, and statements of cash flows for the year ended December 31 2022, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the IDA's internal control over financial reporting (internal control) as a basis for designing the 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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022 – 001 that we consider to be a material weakness.

County of Delaware IDA's Response to Findings

The IDA's response to the finding, identified in our audit, is described in the accompanying schedule of findings and responses. The IDA's response is not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Oneonta, New York
June 29, 2023

A handwritten signature in black ink that reads "Mustert, Manzanero & Scott, LLP". The signature is written in a cursive style and is positioned on a light-colored rectangular background.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2022

CURRENT YEAR FINDINGS

2022 – 001: Unrecorded Balance Sheet Items

Condition: Adjusting journal entries had to be made to adjust or record accounts receivable, loans receivable, accounts payable, prepaid items, and due to and from accounts at year-end. This issue also existed in the previous year.

Criteria: On an accrual basis of accounting at year-end, outstanding receivables, payables, and prepaid items need to be analyzed and recorded in the proper accounting period to prevent misstatement of financial reports.

Effect: Lack of controls over balance sheet items can lead to inaccurate reporting of income, expenses, assets, and liabilities in the financial statements.

Recommendation: To make the financial reports generated by the accounting system as meaningful as possible, we recommend that an individual periodically review checks paid and deposits received after year end and appropriately record them in the proper accounting period. In addition, we recommend that an individual look at the due to and from accounts at year end to ensure they balance and reconcile any discrepancies if they exist.

Management

Response: Management agrees with the need to address this issue and will seek assistance in creating a process to do so.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF DELAWARE COUNTY, NEW YORK)

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Year Ended December 31, 2022

PRIOR YEAR FINDINGS

2021 – 001: Unrecorded Balance Sheet Items

Condition: Adjusting journal entries had to be made to adjust or record accounts receivable, loans receivable, accounts payable, and prepaid items at year-end. This issue also existed in the previous year.

Criteria: On an accrual basis of accounting at year-end, outstanding receivables, payables, and prepaid items need to be analyzed and recorded to prevent misstatement of financial reports.

Effect: Lack of controls over balance sheet items can lead to inaccurate reporting of income, expenses, assets, and liabilities in the financial statements.

Recommendation: In order to make the financial reports generated by the accounting system as meaningful as possible, we recommend that an individual periodically review the balance sheets accounts, along with other supporting records, and appropriately adjust the respecting accounts to actual amounts.

Management

Response: Management agrees with the need to address this issue and will seek assistance in creating a process to do so.