

COUNTY OF DELAWARE
LOCAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021

COUNTY OF DELAWARE
LOCAL DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
County of Delaware Local Development Corporation
Delhi, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the County of Delaware Local Development Corporation (the "LDC") as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the LDC'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 LDC as of December 31, 2022 and 2021, 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 LDC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, which raise substantial doubt about the LDC'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 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 LDC'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, which raise substantial doubt about the LDC'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 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2023 on our consideration of the LDC'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 LDC'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 LDC's internal control over financial reporting and compliance.

Oneonta, New York
July 3, 2023

A handwritten signature in black ink that reads "Mistert, Manzanero & Scott, LLP". The signature is written in a cursive style and is located on a light blue rectangular background.

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2022

As financial management of the Delaware County Local Development Corporation (the "LDC"), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the LDC for the fiscal year ended December 31, 2022. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and 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 LDC depends on grants, with a minimal amount of operating income, to extend its programs. The LDC 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 LDC does not know how much funding will be received during any year, how many loan applications will be approved, or what programs can be made available, the LDC cannot project the amount that it can use for its programs to provide an accurate budget. The LDC strictly adheres to financial procedures and requirements of New York State General Municipal Law, Article 18A, and its own bylaws, as audited by our accountants, Mostert, Manzanero & Scott, LLP.

Overview of the Financial Statements

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

Financial Statements

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

Financial Analysis

The operating income for the LDC was \$213,582 for the fiscal year 2022. This was a decrease of 52% from the prior year. Net income produced an increase in net position of \$213,678. At the close of fiscal year 2022 the LDC had a net position of \$2,291,863.

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2022

The operating income for the LDC was \$446,686 for the fiscal year 2021. This was an increase of 512% from the prior year. Net income produced an increase in net position of \$446,783. At the close of fiscal year 2021 the LDC had a net position of \$2,078,185.

The LDC's prime objective is to provide assistance to existing businesses and expansions and business startups with professional assistance, educational programs and loans. The LDC's loan funds are comprised of grants dedicated to this purpose and matching funds from the LDC's accumulated working capital. The revolving loan fund in the LDC's statements of net position is the major asset. For the LDC's loan funds, the financial statement shows a decrease from \$3,475,602 at year end 2021 to \$3,204,046 at year end 2022, a net decrease of \$271,556

Goals and Accomplishments

The primary goal of the LDC is to develop low-cost financing options for Delaware County businesses for the purpose of assisting them in making new investments in their business, particularly those resulting in the creation and/or retention of jobs. Through the management of their low interest loan funds, the LDC seeks to provide new and existing businesses with access to capital to support new investment. The LDC supports local businesses in being able to leverage grant funds through a variety of Federal State and local sources.

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

COUNTY OF DELAWARE LOCAL DEVELOPMENT
CORPORATION'S NET POSITION

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|-------------------------|---------------------|---------------------|---------------------|
| Current assets | \$ 2,189,514 | \$ 1,634,359 | \$ 1,328,846 |
| Non-current assets | <u>2,848,066</u> | <u>3,234,587</u> | <u>3,101,870</u> |
| Total assets | <u>5,037,580</u> | <u>4,868,946</u> | <u>4,430,716</u> |
| Current liabilities | 283,648 | 150,590 | 80,868 |
| Non-current liabilities | <u>2,462,069</u> | <u>2,640,171</u> | <u>2,718,446</u> |
| Total liabilities | <u>2,745,717</u> | <u>2,790,761</u> | <u>2,799,314</u> |
| Total net position | <u>\$ 2,291,863</u> | <u>\$ 2,078,185</u> | <u>\$ 1,631,402</u> |

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2022

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION'S CHANGES IN NET POSITION

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|----------------------------------|---------------------|---------------------|---------------------|
| Operating revenues | \$ 508,869 | \$ 524,647 | \$ 148,901 |
| Operating expenses | <u>(295,287)</u> | <u>(77,961)</u> | <u>(75,968)</u> |
| Operating income | 213,582 | 446,686 | 72,933 |
| Non-operating income | | | |
| Investment income | <u>96</u> | <u>97</u> | <u>60</u> |
| Change in net position | 213,678 | 446,783 | 72,993 |
| Net position – Beginning of year | <u>2,078,185</u> | <u>1,631,402</u> | <u>1,558,409</u> |
| Net position – End of year | <u>\$ 2,291,863</u> | <u>\$ 2,078,185</u> | <u>\$ 1,631,402</u> |

Economic Factors

The management of the LDC is not aware of any changes in economic factors or conditions since December 31, 2022 that will have any significant effect on the LDC into the future.

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 Local Development Corporation, 1 Courthouse Square, Suite 4, Delhi, New York 13753.

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF NET POSITION

Years Ended December 31, 2022 and 2021

draft

| <u>ASSETS</u> | <u>2022</u> | <u>2021</u> |
|---|-------------------------|-------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 223,848 | \$ 120,105 |
| Restricted cash | 1,202,686 | 866,239 |
| Current portion of loans and capital lease receivables | 762,980 | 648,015 |
| Total current assets | <u>2,189,514</u> | <u>1,634,359</u> |
| Loans and capital lease receivables - Long term, net of allowance for bad debts of \$51,240 for 2022 and 2021 | 2,441,066 | 2,827,587 |
| Property held for development and sale | 407,000 | 407,000 |
| Total noncurrent assets | <u>2,848,066</u> | <u>3,234,587</u> |
| Total assets | <u>5,037,580</u> | <u>4,868,946</u> |
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Accounts payable | 279 | 401 |
| Due to IDA | 85,281 | 68,951 |
| Accrued interest | 2,811 | 2,962 |
| Deferred revenue | 16,217 | - |
| Current portion of debt | 179,060 | 78,276 |
| Total current liabilities | <u>283,648</u> | <u>150,590</u> |
| Long-term liabilities: | | |
| Long-term debt | <u>2,462,069</u> | <u>2,640,171</u> |
| Total liabilities | <u>2,745,717</u> | <u>2,790,761</u> |
| <u>NET POSITION</u> | | |
| Restricted | 1,052,542 | 796,921 |
| Unrestricted | <u>1,239,321</u> | <u>1,281,264</u> |
| Total net position | <u>\$ 2,291,863</u> | <u>\$ 2,078,185</u> |

See accompanying notes.

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

Years Ended December 31, 2022 and 2021

draft

| | <u>2022</u> | <u>2021</u> |
|------------------------------------|----------------------------|----------------------------|
| Operating revenues: | | |
| Grant income | \$ 117,000 | \$ 50,000 |
| Interest income and late fees | 127,068 | 140,087 |
| Gift of real estate | - | 338,049 |
| Gift of mortgage receivable | 123,867 | |
| Miscellaneous income | 5,081 | - |
| Federal grants | 134,403 | - |
| Income (loss) on leasing equipment | 1,450 | (3,489) |
| Total operating revenues | <u>508,869</u> | <u>524,647</u> |
| Operating expenses: | | |
| Interest expense and bank charges | 21,227 | 30,513 |
| Grants and sponsorships | 98,000 | 30,000 |
| Miscellaneous | 95 | 11,179 |
| Professional fees | 16,690 | 5,400 |
| Program expense | - | 468 |
| Parade expense | 2,294 | - |
| Federal grant expenses | 134,403 | - |
| Sheffield Estate expenses | 16,773 | - |
| Bad debt expense | 4,596 | - |
| Other operating expenses | 1,209 | 401 |
| Total operating expenses | <u>295,287</u> | <u>77,961</u> |
| Operating income | 213,582 | 446,686 |
| Non-operating revenue: | | |
| Interest income | <u>96</u> | <u>97</u> |
| Net income | 213,678 | 446,783 |
| Net position - Beginning of year | <u>2,078,185</u> | <u>1,631,402</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 2,291,863</u></u> | <u><u>\$ 2,078,185</u></u> |

See accompanying notes.

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

draft

| | <u>2022</u> | <u>2021</u> |
|---|----------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Cash received from grants and donations | \$ 267,620 | \$ 50,000 |
| Payments received on loans | 738,153 | 590,206 |
| Other revenue received | 5,081 | - |
| Other operating payments | (138,566) | (16,980) |
| Issuance of loans | (235,650) | (345,000) |
| Grants issued | (98,000) | (30,000) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>538,638</u> | <u>248,226</u> |
| Cash flows from capital and related financing activities: | | |
| Payments on USDA loan | (92,727) | (92,435) |
| Payments on JDA loan | (5,817) | (15,257) |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(98,544)</u> | <u>(107,692)</u> |
| Cash flows from investing activities: | | |
| Interest income | 96 | 97 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | <u>96</u> | <u>97</u> |
| NET INCREASE IN CASH | 440,190 | 140,631 |
| Cash - Beginning of year | <u>986,344</u> | <u>845,713</u> |
| CASH - END OF YEAR | <u><u>\$ 1,426,534</u></u> | <u><u>\$ 986,344</u></u> |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Net operating income | \$ 213,582 | \$ 446,686 |
| Loss on leasing equipment | - | 3,489 |
| Interest paid on debt | 21,227 | 30,513 |
| Noncash gift | (123,867) | (338,049) |
| Changes in assets and liabilities: | | |
| (Increase) decrease in loans receivable | 395,422 | 105,470 |
| Increase (decrease) in accounts payable and other payables | 32,274 | 117 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u><u>\$ 538,638</u></u> | <u><u>\$ 248,226</u></u> |

See accompanying notes.

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 1 ORGANIZATION

The County of Delaware Local Development Corporation (the “LDC”), located in Delhi, New York, was incorporated in August 1998, and became active during the year ended December 31, 2000. The LDC is a non-profit organization and shares its constituency, membership and purpose with the County of Delaware Industrial Development Agency (the “IDA”).

The LDC was established to attract new industry to the County, encourage plant modernization, create job opportunities for the citizens of Delaware County, and promote commerce and industry.

Management has evaluated the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *Financial Reporting Entity*, and GASB No. 39, *Determining Whether Certain Organization Are Component Units*, an amendment of GASB No. 14. Based on the provisions of these standards, management has determined that the LDC is not a component unit of the County of Delaware Industrial Development Agency (the “IDA”).

Related Entity

The LDC has a related party relationship with the IDA. The IDA is a public benefit corporation and shares its constituency, membership and purpose with the LDC. The IDA was established June 17, 1971. There are separately issued financial statements for the IDA.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The LDC 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. The following is a summary of the significant accounting policies followed in the preparation of the LDC’s financial statements.

Measurement Focus and Basis of Accounting

The LDC’s financial statements are reported using the economic resources 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 accounting policies of the LDC are in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The LDC reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, unless those pronouncements conflict with or contradict GASB pronouncements.

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

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

Cash and Cash Equivalents

For the purposes of presenting the statements of cash flows, the LDC 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. Such basis approximates market. Restricted cash is included.

Allowance for Uncollectible Amounts

Notes receivables are recorded at full value. Uncollectible accounts are charged to expenditures using the reserve method. The allowance for uncollectible accounts was \$51,240 as of December 31, 2022 and 2021.

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.

Income Tax Status

The LDC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and similar New York State laws and, as such, is not subject to Federal or State income taxes. In addition, the LDC qualifies for the charitable contribution deduction under Section 170(b)(a)(2) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The LDC reviews the components of revenues, gains, and other support and analyzes whether the position that the LDC takes with regard to a particular item of income would meet the definition of an uncertain tax position under U.S. GAAP.

The LDC files information tax returns in the U.S. Federal jurisdiction and New York State jurisdiction. The tax years that remain subject to examination by authorities are generally the previous three years.

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 LDC meets performance requirements of the contracts.

Contributed Facilities and Services

The LDC, with the consent of the Board of Representatives of 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.

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

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

Investment Policies

The LDC's investment policies are governed by State statutes. In addition, the LDC has its own written investment policy. LDC's monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The LDC 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 LDC distinguishes operating revenues and expenses from non-operating items in its financial statements. Operating revenues and expenses generally result from providing services in connection with the LDC's principal on-going operations. The LDC's operating expenses include project and program costs and related administration expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In addition, the LDC administers the Delaware County Rural Business Enterprise Revolving Loan Fund under a grant awarded by the United States Department of Agriculture. Funds are received by the LDC by request at the time of approval of the loan.

Net Position

The LDC reports its net position in two components. Restricted net positions 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 LDC. For this reason, all restricted net positions are considered expendable. Unrestricted net positions are all other LDC net assets that do not meet the definition of restricted net assets.

Accounting Pronouncements

The LDC 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.

The LDC 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.

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

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

Accounting Pronouncements (Cont'd.)

The following are GASB Statements that have been issued recently and are currently being evaluated by the LDC, 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 July 3, 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 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.

The financial institutional balances, which aggregated \$1,426,534 and \$986,344 at December 31, 2022 and 2021, respectively, were covered by the FDIC or collateralized by securities.

NOTE 4 FEDERAL AND STATE AID CONTINGENCIES

The LDC 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 State governments. The LDC believes disallowances, if any, will be immaterial.

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 5 LOANS AND CAPITAL LEASE RECEIVABLES

Loans Receivable – Revolving Loan Funds (RLF)

Revolving loan funds allow the LDC to offer low interest loans to area businesses creating jobs in Delaware County. The proceeds of the loans are used to offer new loans once the outstanding loans have been paid in full. The activity for the year ended December 31, is as follows:

| <u>Borrower</u> | 01/01/2022 <u>Principal</u> | <u>Advances</u> | Write Offs/ <u>Repayments</u> | 12/31/2022 <u>Principal</u> |
|-----------------------|--------------------------------|-----------------|----------------------------------|--------------------------------|
| Alpine Roofing | \$ 97,909 | \$ - | \$ (4,899) | \$ 93,010 |
| Club 55 | 51,172 | - | (6,789) | 44,383 |
| Gravity Ciders | 38,828 | - | (38,828) | - |
| Hancock Herald | 49,938 | - | (5,013) | 44,925 |
| Masserson #2 | 23,254 | - | (2,227) | 21,027 |
| Engel's Cabinets | 201,314 | - | (11,092) | 190,222 |
| PKE Industries, Inc. | 67,478 | - | - | 67,478 |
| Unadilla Fasteners | <u>22,141</u> | <u>-</u> | <u>(9,831)</u> | <u>12,310</u> |
| | <u>\$ 552,034</u> | <u>\$ -</u> | <u>\$ (78,679)</u> | 473,355 |
| Less: Current portion | | | | <u>(63,808)</u> |
| Long-term receivable | | | | <u>\$ 409,547</u> |

Loans Receivable – TIER Revolving Loan Fund

In 2008, the LDC was awarded the revolving loan funds from TIER Information & Enterprise Resources, Inc. of Binghamton, New York. The proceeds of the loans are used to offer new loans once the outstanding loans have been paid in full. The activity for the year ended December 31, is as follows:

| <u>Borrower</u> | 01/01/2022 <u>Principal</u> | <u>Advances</u> | Write Offs/ <u>Repayments</u> | 12/31/2022 <u>Principal</u> |
|-----------------------|--------------------------------|------------------|----------------------------------|--------------------------------|
| Kennedy PHC | \$ - | \$ 18,150 | \$ (952) | \$ 17,198 |
| Masserson #2 | 29,069 | - | (2,784) | 26,285 |
| Natural Gardens | 33,429 | - | (1,329) | 32,100 |
| Spillian LLC | <u>13,971</u> | <u>-</u> | <u>(5,618)</u> | <u>8,353</u> |
| | <u>\$ 76,469</u> | <u>\$ 18,150</u> | <u>\$ (10,683)</u> | 83,936 |
| Less: Current portion | | | | <u>(39,864)</u> |
| Long-term receivable | | | | <u>\$ 44,072</u> |

Loans Receivable – Intermediary Relending Program (IRP)

The USDA Intermediary Relending Program (IRP) finances business facilities and community development projects. The LDC is a qualified intermediary that lends funds to beneficiaries and establishes revolving loan funds when the outstanding loans are paid back.

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 5 LOANS AND CAPITAL LEASE RECEIVABLES (Cont'd.)

The activity for the year ended December 31, is as follows:

| Borrower | 01/01/2022 Principal | Advances | Write Offs/ Repayments | 12/31/2022 Principal |
|--------------------------------|-------------------------|-------------------|---------------------------|-------------------------|
| East Main Lanes | \$ 21,935 | \$ - | \$ (6,986) | \$ 14,949 |
| John Shephard | 105,591 | - | (17,106) | 88,485 |
| Andrew Hinkley | 20,422 | - | (7,724) | 12,698 |
| John Finn | 38,739 | - | (10,796) | 27,943 |
| Masserson #2 | 17,441 | - | (1,671) | 15,770 |
| Franklin Eye Wear | 54,773 | - | (6,916) | 47,857 |
| Natural Gardens | 48,264 | - | (8,645) | 39,619 |
| Molto Express | 101,606 | - | (3,860) | 97,746 |
| Mile Hill Properties/Tom Miner | 158,260 | - | (10,685) | 147,575 |
| Leatherstocking Timber | 36,160 | - | (9,758) | 26,402 |
| Delco Towing | 19,152 | - | (5,072) | 14,080 |
| US Custom Pad | 54,865 | - | (11,129) | 43,736 |
| It's Five O'Clock | 77,860 | - | (12,914) | 64,946 |
| Two Old Tarts | 28,813 | - | (28,813) | - |
| Vintage Valley Farm | 9,337 | - | (5,807) | 3,530 |
| Osmanli | 68,515 | - | (21,252) | 47,263 |
| DBRS | 88,902 | - | (14,978) | 73,924 |
| Markert (Eagle's Nest) | 79,571 | - | (7,771) | 71,800 |
| Cattlemans' Steakhouse | 56,870 | - | (3,632) | 53,238 |
| Markert | 53,048 | - | (5,181) | 47,867 |
| K-Tooling | 55,802 | - | (10,101) | 45,701 |
| Natural Gardens | 100,286 | - | (3,988) | 96,298 |
| DBRS | 50,802 | - | (8,559) | 42,243 |
| 724 Main Street Corp | 85,833 | - | (3,909) | 81,924 |
| 724 Main Street Corp | 128,751 | - | (5,865) | 122,886 |
| Chef Deanna | 97,414 | - | (7,332) | 90,082 |
| Binnekill Tavern | 116,791 | - | (13,805) | 102,986 |
| Resch Electric | 56,079 | - | (5,759) | 50,320 |
| A Time to Heal (Rachel James) | 30,521 | - | (10,017) | 20,504 |
| Andrew Williams | | | | |
| (Watershed Roxbury, Inc.) | 31,806 | - | (6,583) | 25,223 |
| Love Lion, LLC | 32,811 | - | (4,511) | 28,300 |
| Fierce Grizzly | 46,204 | - | (9,372) | 36,832 |
| Bovina Montessori School | 98,641 | - | (6,941) | 91,700 |
| Birchwood Films | - | 42,500 | (2,577) | 39,923 |
| Hidden Inn | - | 100,000 | (2,044) | 97,956 |
| River Bend Cabin | - | 75,000 | (2,333) | 72,667 |
| | <u>\$ 2,071,865</u> | <u>\$ 217,500</u> | <u>\$ (304,392)</u> | <u>1,984,973</u> |
| Less: Current portion | | | | <u>(484,142)</u> |
| Long-term loans receivable | | | | <u>\$ 1,500,831</u> |

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 5 LOANS AND CAPITAL LEASE RECEIVABLES (Cont'd.)

Loans Receivable – Agriculture Loan Fund (ALF)

The New York State Job Development Authority (JDA) Agriculture Loan Fund was created to promote access to capital for NYS agribusinesses. The LDC lends funds to eligible businesses for periods from 5 to 10 years. The activity for the year ended December 31, is as follows:

| <u>Borrower</u> | <u>01/01/2022 Principal</u> | <u>Advances</u> | <u>Write Offs/ Repayments</u> | <u>12/31/2022 Principal</u> |
|---------------------------------|---------------------------------|-----------------|-----------------------------------|---------------------------------|
| Marion Beverages | \$ 38,599 | \$ - | \$ (16,103) | \$ 22,496 |
| Berry Brook Farm | 39,294 | - | (9,213) | 30,081 |
| Bovina Farm | 67,668 | - | (5,779) | 61,889 |
| Dirty Girl Farm | 8,411 | - | (1,514) | 6,897 |
| First Light Farm & Cemetery | 114,822 | - | (20,949) | 93,873 |
| Gravity Ciders | 71,216 | - | (71,216) | - |
| Greentopia | 18,416 | - | (4,877) | 13,539 |
| Houshmand (Scotch Valley Ranch) | 75,471 | - | (11,193) | 64,278 |
| Lampport Hemp Farm | 19,605 | - | (4,829) | 14,776 |
| Leatherstocking Timber | 144,580 | - | (39,033) | 105,547 |
| Mac's Brew Tavern | 24,059 | - | (4,771) | 19,288 |
| Wilson's Bread | 47,610 | - | (7,951) | 39,659 |
| Roxbury Mountain Maple | 125,000 | - | (27,053) | 97,947 |
| | <u>\$ 794,751</u> | <u>\$ -</u> | <u>\$ (224,481)</u> | 570,270 |
| Less: Current portion | | | | <u>(164,434)</u> |
| Long-term receivable | | | | <u>\$ 405,836</u> |

Loans Receivable – O'Connor Foundation Agriculture Relending Program

The O'Connor Foundation approved a \$28,500 grant for the LDC on February 23, 2018 to be used towards the cost of the Agriculture Farmland Loan program. The funding went toward the cost of establishing a new low interest loan fund focused on Delaware County farmers and value-added agriculture opportunities. The terms of the grant agreement stated that the LDC must repay any funds that were unutilized as of February 23, 2021. Prior to the deadline, the full grant amount was distributed to the following parties:

| <u>Borrower</u> | <u>01/01/2022 Principal</u> | <u>Advances</u> | <u>Write Offs/ Repayments</u> | <u>12/31/2022 Principal</u> |
|--------------------------------|---------------------------------|-----------------|-----------------------------------|---------------------------------|
| Bovina Farm | \$ 17,998 | \$ - | \$ (1,646) | \$ 16,352 |
| Gravity Ciders | 3,561 | - | (3,561) | - |
| Cyndi Wright (Dirty Girl Farm) | 4,465 | - | (803) | 3,662 |
| | <u>\$ 26,024</u> | <u>\$ -</u> | <u>\$ (6,010)</u> | 20,014 |
| Less: Current portion | | | | <u>(3,088)</u> |
| Long-term receivable | | | | <u>\$ 16,926</u> |

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 5 LOANS AND CAPITAL LEASE RECEIVABLES (Cont'd.)

Loans Receivable – Other

In 2022 the LDC received a gift of a mortgage receivable for property located in the Village of Walton. Based on the previous amortization schedule and other documentation, the fair value of the loan at the time of donation was \$123,667. The LDC recorded this amount as a receivable and a revenue. The activity for the year ended December 31, is as follows:

| <u>Borrower</u> | <u>Gift</u> | <u>Repayments</u> | 12/31/2022 <u>Principal</u> |
|-----------------------|-------------|-------------------|--------------------------------|
| TA's Place | \$ 123,867 | \$ (1,089) | \$ 122,778 |
| Less: Current portion | | | <u>(7,644)</u> |
| Long-term receivable | | | <u>\$ 115,134</u> |

Capital Lease Receivable – USDA RBEG Program

The LDC applies for a grant thru Rural Business Enterprise Grant program (the "Program") under the United States Department of Agriculture-Rural Development ("RD") for acquisition of certain equipment for the use and benefit of the program participants. LDC purchases the equipment, and leases it to the participant. The lease payments are reduced to 40% of what would be required to cover the entire cost of the equipment. The LDC recognizes a loss annually for the difference between the reduced lease and the full value lease. The activity for the year ended December 31, is as follows:

| <u>Borrower</u> | 01/01/2022 <u>Principal</u> | <u>Advances</u> | Write Offs/ <u>Repayments</u> | 12/31/2022 <u>Principal</u> |
|-------------------------------------|--------------------------------|-----------------|----------------------------------|--------------------------------|
| Natural Gardens | \$ 1,103 | \$ - | \$ (1,103) | \$ - |
| Catskill Regional Harvest | <u>4,596</u> | <u>-</u> | <u>(4,596)</u> | <u>-</u> |
| Less: Current portion | <u>\$ 5,699</u> | <u>\$ -</u> | <u>\$ (5,699)</u> | <u>-</u> |
| Long-term capital leases receivable | | | | <u>\$ -</u> |

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 5 LOANS AND CAPITAL LEASE RECEIVABLES (Cont'd.)

The following is a summary of loans and capital lease receivables at December 31:

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Revolving Loan Fund (RLF) | \$ 473,316 | \$ 552,034 |
| TIER Revolving Loan Fund | 83,935 | 76,469 |
| Intermediary Relending Program (IRP) | 1,984,973 | 2,071,862 |
| Agriculture Loan Fund (ALF) | 570,270 | 794,751 |
| O'Connor Loan Fund | 20,014 | 26,024 |
| Loans Receivable – Other | 122,778 | - |
| Capital Leases Receivable – USDA RBEG Program | - | 5,699 |
| Total receivable | <u>3,255,286</u> | <u>3,526,839</u> |
| Less: Current portion | (762,980) | (648,015) |
| Less: Allowance for bad debts | <u>(51,240)</u> | <u>(51,240)</u> |
| Long-term loans and capital lease receivables | <u>\$ 2,441,066</u> | <u>\$ 2,827,584</u> |

NOTE 6 LOANS PAYABLE

The LDC has a \$750,000 loan, with the United States Department of Agriculture for its Intermediary Relending Program. This loan has an interest rate of 1% annually. Annual loan payments of principal and interest in the amount of \$31,838 to fully amortize the loan 30 years from the origination date are payable on December 21 of each year. The loan will be paid off in 2041. The balance at December 31, 2022 and 2021 was \$547,394 and \$573,497, respectively

The LDC has a \$300,000 loan, all of which has been advanced, with the United States Department of Agriculture for its Intermediary Relending Program. This loan has an interest rate of 1% annually. Annual loan payments of principal and interest in the amount of \$12,339 to fully amortize the loan 30 years from the origination date are payable on September 19th of each year. The loan will be paid off in 2032. The balance at December 31, 2022 and 2021 was \$127,838 and \$138,789, respectively.

The LDC has a \$750,000 loan, all of which has been advanced, with the United States Department of Agriculture for its Intermediary Relending Program. This loan has an interest rate of 1% annually. Annual loan payments of principal and interest in the amount of \$30,848 to fully amortize the loan 30 years from the origination date are payable on September 26th of each year. The loan will be paid off in 2037. The balance at December 31, 2022 and 2021 was \$424,419 and \$450,759, respectively.

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 6 LOANS PAYABLE (Cont'd.)

The LDC had a \$301,628 loan with the United States Department of Agriculture for its Intermediary Relending Program. In 2019, the LDC received cash advances of \$56,521 and \$62,424, bringing the balance on this loan to \$420,573. This loan has an interest rate of 1% annually. Annual loan payments of principal and interest due each year on September 8th will increase in 2020 to the amount of \$18,798 to fully amortize the loan 30 years from origination date. The balance at December 31, 2022 and 2021 was \$378,145 and \$392,068, respectively.

The LDC has a \$500,000 (due to JDA #1) with the New York State Job Development Authority (JDA) for its Agriculture Loan Fund program. The loan has an interest rate of 1% annually of the outstanding balance. Payments of interest are to be made semi-annually on June 30 and December 31, which began 2018. Principal payments are to be made on June 15 in the years 2023-2027 equal to one fifth of the outstanding balance. Prepayment is allowed.

The LDC has a \$663,333 (due to JDA #2) with the New York State Job Development Authority (JDA) for its Agriculture Loan Fund program. The loan has an interest rate of 1% annually of the outstanding balance. Payments of interest are to be made semi-annually on June 30 and December 31, which began 2019. Principal payments are to be made on October 31 in the years 2024, 2026 and 2028 equal to one third of the outstanding balance on June 15, 2024. Prepayment is allowed.

Interest expenses incurred on these six notes totaled \$21,227 and \$30,513 for the years ended December 31, 2022 and 2021, respectively.

Loans payable consisted of the following at December 31:

| | <u>2022</u> | <u>2021</u> |
|--------------------------|---------------------|---------------------|
| USDA \$750,000 loan | \$ 547,394 | \$ 573,498 |
| USDA \$300,000 loan | 127,838 | 138,789 |
| USDA \$750,000 loan | 424,419 | 450,759 |
| USDA \$420,573 loan | 378,145 | 392,068 |
| Due to JDA #1 | 500,000 | 500,000 |
| Due to JDA #2 | <u>663,333</u> | <u>663,333</u> |
| Total loans payable | 2,641,129 | 2,718,447 |
| Less: Current portion | <u>(179,060)</u> | <u>(78,276)</u> |
| Loans payable, long-term | <u>\$ 2,462,069</u> | <u>\$ 2,640,171</u> |

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 6 LOANS PAYABLE (Cont'd.)

Current maturity of loans payable is as follows at December 31:

| | <u>Principal</u> | <u>Interest</u> |
|-------------|---------------------|-------------------|
| 2023 | \$ 179,060 | \$ 25,834 |
| 2024 | 400,962 | 24,059 |
| 2025 | 180,649 | 20,043 |
| 2026 | 402,567 | 18,241 |
| 2027 | 182,270 | 14,219 |
| 2028 – 2032 | 657,055 | 47,470 |
| 2033 – 2037 | 379,334 | 24,268 |
| 2038 – 2042 | 212,031 | 8,046 |
| 2043 – 2047 | <u>47,201</u> | <u>820</u> |
| Total | <u>\$ 2,641,129</u> | <u>\$ 183,000</u> |

NOTE 7 DEFERRED REVENUE

In 2022 the LDC was awarded an ARPA Train to Work federal grant for the development of the workforce in Delaware County and the surrounding area. The aforementioned grant accounting principles (see Note 2) require funds received from grants to be recorded as deferred revenue until performance obligations are satisfied. The item referred to as a deferred revenue on the statement of net position represents the portion of the grant that was received by the LDC but not expended in the current year.

The total amount of ARPA grant funding received by the LDC in 2022 was \$150,620. \$134,403 of that amount was spent on employee training programs and grant administration. The remaining balance of \$16,217 was unspent as of December 31, 2022, and recorded as deferred revenue until performance obligations are satisfied in a subsequent period.

COUNTY OF DELAWARE LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 8 RESTRICTED NET POSITION

Restricted net position consists of restricted cash and net restricted loans receivable. The LDC maintains separate cash accounts for federal funds, revolving economic development funds and microenterprise development funds.

| | <u>2022</u> | <u>2021</u> |
|-----------------------------------|---------------------|--------------------|
| IRP Funds | \$ 450,180 | \$ 379,656 |
| RBEG Funds | 58,472 | 60,326 |
| Agriculture Loan Fund ALF | 678,844 | 426,258 |
| ARPA Train to Work | <u>15,190</u> | <u>-</u> |
| Total restricted cash | <u>1,202,686</u> | <u>866,240</u> |
| IRP Loans | 1,984,974 | 2,071,864 |
| Revolving Loan Funds (RLF) | 473,316 | 552,036 |
| TIER RLF | <u>83,934</u> | <u>76,468</u> |
| | 2,542,224 | 2,700,368 |
| Less: Allowance for bad debts | <u>(51,240)</u> | <u>(51,240)</u> |
| Total restricted loans receivable | <u>2,490,984</u> | <u>2,649,128</u> |
| Total restricted assets | 3,693,670 | 3,515,368 |
| Less: Corresponding liabilities | <u>(2,641,128)</u> | <u>(2,718,447)</u> |
| Restricted net position | <u>\$ 1,052,542</u> | <u>\$ 796,921</u> |

NOTE 9 RELATED PARTY TRANSACTIONS

The LDC has a related party relationship with the County of Delaware Industrial Development Agency (the IDA). The IDA is a public benefit corporation, established June 17, 1971, to improve the quality of life in Delaware County by assisting businesses and industries for the purpose of retaining and expanding existing job opportunities, attracting new jobs, and stimulating the investment of capital in the county.

NOTE 10 PROPERTY HELD FOR DEVELOPMENT AND SALE

In 2021, the LDC received donated properties during the year located in the Village of Walton (“Sheffield Estate”). The properties were donated to encourage job creation in Delaware County by offering expansion opportunities for local businesses. The properties were appraised at \$407,000 and had back taxes owed in the amount of \$68,951. A related party, the IDA, paid this in 2021 and an additional \$16,330 in 2022. The IDA expects to be reimbursed by the LDC for the full amount of \$85,281 in the subsequent year.

* * * * *

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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
County of Delaware Local Development Corporation
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 County of Delaware Local Development Corporation (the "LDC") which comprise of the statements of net position as of and for the year ended December 31, 2022, and the related statements of revenues, expenses and changes in net position, and statements of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 3, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the LDC'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 LDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the LDC'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 LDC'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LDC'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 LDC'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 LDC'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 County of Delaware Local Development Corporation 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.

Oneonta, New York
July 3, 2023

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