

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Financial Statements

December 31, 2022

(With Independent Auditors' Report Thereon)

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Counties of Warren and Washington  
Industrial Development Agency

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Counties of Warren and Washington Industrial Development Agency (the Agency), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Agency'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 business-type activities and the discretely presented component unit of the Agency, as of December 31, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Emphasis of Matter

As described in note 5 to the financial statements, restatements of the prior period were made during the year ended December 31, 2022. Our opinions are not modified with respect to these matters.

As discussed in notes 1(m) and 5 to the financial statements, the Agency adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87 - "Leases," during the year ended December 31, 2022. Our opinion is not modified with respect to this matter.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 March 16, 2023, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
March 16, 2023

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis

December 31, 2022

Our discussion and analysis of the Counties of Warren and Washington Industrial Development Agency's (the Agency) financial performance provide an overview of the Agency's financial activities for the year ended December 31, 2022. Please read it in conjunction with the Agency's financial statements. Included in this report is the Counties of Warren and Washington Civic Development Corporation (the Corporation), a discretely presented component unit.

FINANCIAL HIGHLIGHTS

Financial Highlights:

- Total Agency's current assets increased by \$780,887 and noncurrent assets increased by \$11,196,899 from 2021.
- The Agency acquired land for development along the Hudson River near Lock 8 in Washington County worth an estimated fair market value of \$11,179,600.
- The Agency's opening net position was restated by \$164,985.
- The Agency adopted the provisions of Governmental Accounting Standards Board Statement No. 87 - "Leases," during the year ended December 31, 2022.
- The Corporation gave a grant to the Agency in the amount of \$1,238,240.
- The Corporation's opening net position was restated by \$2,587.

USING THIS ANNUAL REPORT

This annual report consists of two parts: Management's Discussion and Analysis and Financial Statements. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's financial statements. The financial statements are designed to provide readers with a broad overview of the Agency's finances.

The Statement of Net Position presents information on all the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis, Continued

The Statement of Revenue, Expenses and Changes in Net Position presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government agency's financial position. In the case of the Agency and the Corporation, assets exceeded liabilities by \$13,641,857 and \$797,794, respectively, as of December 31, 2022.

The Agency's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following tables present a summary of the Agency's and Corporation's net position as of December 31, 2022 and 2021.

	2022		2021*	
	Industrial Development Agency	Civic Development Corp. (Component Unit)	Industrial Development Agency	Civic Development Corp. (Component Unit)
Assets:				
Current assets	\$ 1,654,511	797,794	873,624	36,946
Capital assets	12,110,080	-	962,284	-
Other	50,279	-	1,176	-
Total assets	13,814,870	797,794	1,837,084	36,946
Total liabilities	20,501	-	3,008	-
Deferred inflows of resources - lease	152,512	-	-	-
Net position:				
Net investments in capital assets	12,110,080	-	962,284	2,587
Unrestricted	1,531,777	797,794	871,792	34,359
Total net position	\$ 13,641,857	797,794	1,834,076	36,946

\* Restated for correction of errors.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis, Continued

Changes in the Agency's and Corporation's net position can be determined by reviewing the following condensed Statement of Revenue, Expenses and Changes in Net Position for the years ended December 31, 2022 and 2021.

	<u>2022</u>		<u>2021*</u>	
	Industrial Development Agency	Civic Development Corp. (Component Unit)	Industrial Development Agency	Civic Development Corp. (Component Unit)
Operating revenue	\$ 2,335,113	2,002,055	566,000	157,751
Operating expenses	<u>1,744,629</u>	<u>1,241,027</u>	<u>417,200</u>	<u>136,324</u>
Net operating revenue	<u>590,484</u>	<u>761,028</u>	<u>148,800</u>	<u>21,427</u>
Net nonoperating revenue	<u>11,217,297</u>	<u>-</u>	<u>616,977</u>	<u>-</u>
Change in net position	11,807,781	761,028	765,777	21,427
Net position at beginning of year, as restated	<u>1,834,076</u>	<u>36,946</u>	<u>1,068,299</u>	<u>15,519</u>
Net position at end of year	<u>\$ 13,641,857</u>	<u>797,974</u>	<u>1,834,076</u>	<u>36,946</u>

\* Restated for correction of errors.

CAPITAL ASSETS

The Agency's capital assets are recorded at cost and consist mainly of land and related development costs. Capital assets as of December 31 are comprised as follows:

	<u>2022</u>	<u>2021*</u>
Land	\$ 11,520,198	962,284
Equipment	9,198	9,198
Accumulated depreciation	<u>(9,198)</u>	<u>(9,198)</u>
Capital assets, net	<u>\$ 11,520,198</u>	<u>962,284</u>

\*Restated for correction of error.

FACTORS BEARING ON THE AGENCY'S FUTURE

The Agency's operations are dependent on the ability to attract new business into Warren and Washington Counties.



COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY  
Management's Discussion and Analysis, Continued

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Agency at (518) 792-1312 or by mail: Counties of Warren and Washington Industrial Development Agency, 5 Warren Street, Suite 210, Glens Falls, New York 12801.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY  
Statement of Net Position  
December 31, 2022

	<u>Industrial Development Agency</u>	<u>Civic Development Corporation</u>
Assets:		
Current assets:		
Cash and equivalents	\$ 1,499,058	797,414
Accounts receivable	36,869	560
Prepaid expenses	4,265	-
Current portion of lease receivable	<u>114,319</u>	<u>-</u>
Total current assets	<u>1,654,511</u>	<u>797,974</u>
Noncurrent assets:		
Escrow cash	12,086	-
Lease receivable, net of current portion	38,193	-
Capital assets, net	<u>12,110,080</u>	<u>-</u>
Total noncurrent assets	<u>12,160,359</u>	<u>-</u>
Total assets	<u>13,814,870</u>	<u>797,974</u>
Liabilities:		
Accounts payable	216	-
Accrued liabilities	5,462	-
Due to other governments	<u>14,823</u>	<u>-</u>
Total liabilities	<u>20,501</u>	<u>-</u>
Deferred inflows of resources - lease	<u>152,512</u>	<u>-</u>
Net position:		
Net investment in capital assets	12,110,080	-
Unrestricted	<u>1,531,777</u>	<u>797,974</u>
Total net position	<u>\$ 13,641,857</u>	<u>797,974</u>

See accompanying notes to financial statements.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY  
Statement of Revenue, Expenses and Changes in Net Position  
Year ended December 31, 2022

	Industrial Development Agency	Civic Development Corporation
Operating revenue:		
Charges for services	\$ 1,075,731	2,001,500
Reimbursements	21,142	555
WWCDC grant	<u>1,238,240</u>	<u>-</u>
Total operating revenue	<u>2,335,113</u>	<u>2,002,055</u>
Operating expenses:		
Personal services	149,416	-
Contractual expenses	1,558,976	2,787
Payroll taxes	36,237	-
WWCDC grant	<u>-</u>	<u>1,238,240</u>
Total operating expenses	<u>1,744,629</u>	<u>1,241,027</u>
Total operating income	<u>590,484</u>	<u>761,028</u>
Nonoperating revenue (expenses):		
Interest income	174	-
Land donation	11,179,600	-
Real property tax expense	(11,837)	-
Sale of property	<u>49,360</u>	<u>-</u>
Total nonoperating revenue	<u>11,217,297</u>	<u>-</u>
Change in net position	<u>11,807,781</u>	<u>761,028</u>
Net position at beginning of year, before restatement	1,999,061	39,533
Correction of errors (note 6)	<u>(164,985)</u>	<u>(2,587)</u>
Net position at beginning of year, as restated	<u>1,834,076</u>	<u>36,946</u>
Net position at end of year	<u><u>\$ 13,641,857</u></u>	<u><u>797,974</u></u>

See accompanying notes to financial statements.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Statement of Cash Flows  
Year ended December 31, 2022

	Industrial Development <u>Agency</u>	Civic Development <u>Corporation</u>
Cash flows from operating activities:		
Cash received from providing services	\$ 1,062,744	2,001,495
Cash payments - contractual expenses	(1,543,970)	(2,787)
Cash payments - personal services and payroll taxes	(183,166)	-
Operating grants disbursed	-	(1,238,240)
Operating grants received	<u>1,238,240</u>	<u>-</u>
Net cash provided by operating activities	<u>573,848</u>	<u>760,468</u>
Cash flows from noncapital financing activities - real property taxes	<u>(11,837)</u>	<u>-</u>
Cash flows from investing activities - interest income	<u>174</u>	<u>-</u>
Cash flows from capital and related financing activities - proceeds from sale of assets	<u>81,164</u>	<u>-</u>
Change in cash and equivalents	643,349	760,468
Cash and equivalents at beginning of year	<u>867,795</u>	<u>36,946</u>
Cash and equivalents at end of year	<u>\$ 1,511,144</u>	<u>797,414</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	590,484	761,028
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in:		
Accounts receivable	(34,129)	(560)
Accounts payable	183	-
Accrued liabilities	2,487	-
Due to other governments	<u>14,823</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 573,848</u>	<u>760,468</u>

See accompanying notes to financial statements.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2022

(1) Summary of Significant Accounting Policies

The financial statements of the Counties of Warren and Washington Industrial Development Agency (Agency) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the Agency are described below.

(a) Organization and Purpose

The Agency was created in 1971 by the Warren and Washington County (the Counties) Boards of Supervisors under the provisions of Chapter 862 of the 1971 Laws of New York State (the State). The purposes of the Agency are to promote, develop, encourage, and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping, and furnishing industrial, manufacturing, warehousing, commercial, research, and recreational facilities including industrial pollution control facilities, educational or cultural facilities, railroad facilities, and horse racing facilities and thereby advance the job opportunities, health, general prosperity, and economic welfare of the Counties and the residents thereof; and to improve their recreational opportunities, prosperity, and standards of living.

The Agency accomplishes its purposes through arranging for issuance of taxable and tax-exempt Industrial Development revenue bonds and notes, granting of sales and mortgage tax exemptions, and the arranging and administration of payment-in-lieu-of-taxes agreements to prospective businesses upon an application and approval process. The Agency considers these activities to be operating revenue. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses, including the sale of land. The Agency also owns approximately 90 acres of land located in the Counties of which its primary purpose is to add business properties to an existing industrial park in order to attract prospective businesses.

The Agency is exempt from federal, state, and local income taxes. The members of the Board of the Agency are appointed by the Counties' Boards of Supervisors.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Component Unit of the Agency

The Counties of Warren and Washington Civic Development Corporation (the Corporation), an exempt organization under Sec. (501)(c)(3) of the Internal Revenue Code, was created in 2011 for the purpose of promoting community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of the Counties by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses, and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects; and undertaking projects and activities within the Counties for the purpose of relieving and reducing unemployment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the Counties by attracting new industry to the Counties or by encouraging the development of, or retention of, an industry in the Counties, and lessening the burdens of government and acting in the public interest. The Corporation's governing body is substantively the same as the Agency's and therefore, the Corporation is considered a component unit of the Agency and is discretely presented.

(c) Basis of Presentation

The Agency's financial statements consist of three statements that provide information about the Agency's activities. The first statement is the Statements of Net Position, which lists all of the Agency's assets and liabilities, with the difference reported as net position. The second statement is the Statements of Revenue, Expenses and Changes in Net Position, which details how the Agency's net position changed during the current year based on the reporting of the revenue and expenses recognized by the Agency. The third statement is the Statements of Cash Flows, which reports the activities that provide or use the cash of the Agency.

(d) Measurement Focus and Basis of Accounting

The financial statements of the Agency are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

(e) Income Taxes

The Agency does not believe that it has any uncertain tax positions, and has not recorded any unrecognized tax benefits or liability or penalties or interest.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Net Position

Net position is classified under the following components:

Investment in Capital Assets - This represents the Agency's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position - Represents of net positions with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - Represents all other assets that do not meet the definition of net investment in capital assets or restricted net position.

(g) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(h) Cash and Equivalents

The Agency considers all checking, savings, and certificate of deposit accounts with a maturity of three months or less to be cash equivalents for purposes of the statement of cash flows.

Cash and equivalents at December 31, 2022, are as follows:

	<u>Agency</u>	<u>Corporation</u>
Operating cash	\$ 1,499,058	797,414
Escrow cash	<u>12,086</u>	<u>-</u>
Total cash and equivalents	\$ <u>1,511,144</u>	<u>797,414</u>

(i) Accounts Receivable

The Agency considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when the determination is made. The Agency has no stated policy for deeming receivables to be delinquent and no interest is charged to receivables.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Capital Assets

The Agency's capital assets are recorded at cost and consist mainly of land and related development costs.

Land is recorded at cost when acquired and consists of approximately 90 acres. The Agency is developing sections of the land for sale to prospective businesses. Various legal, surveying, engineering, and other development costs are capitalized as incurred. Depreciation of office equipment and signs and mailboxes is recognized on a straight-line basis over the estimated useful lives of the assets, five and ten years, respectively.

(k) Subsequent Events

The Agency has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(l) Future Implementations of GASB Pronouncements

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

- 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, 2024.

(m) Accounting for Leases

During the year ended December 31, 2022, the Agency implemented GASB Statement No. 87 - "Leases," which provides guidance for identifying certain leased assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows based on payment provisions of the contract.



COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements, Continued

(2) Industrial Development and Civic Development Revenue Bond and Note Transactions

Industrial Development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the State of New York. The Agency does not record the assets or liabilities resulting from completed bonds and notes issued in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents.

The Agency receives an administration fee calculated as a percentage of the amount of bonds issued or cost of the project in the case of a straight lease transaction, in addition to reimbursements for any legal costs incurred by the Agency. Such administrative fee income is recognized immediately upon the closing of the project.

Industrial Development revenue bonds and notes outstanding as of December 31, 2022, total \$5,925,161. Civic Development revenue bonds and notes outstanding as of December 31, 2022, total \$42,867,666.

(3) Cash and Equivalents

The Agency's investment policies are governed by State statutes. Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of the State or its localities.

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. While the Agency does not have a specific policy for custodial credit risk, the State statutes govern the Agency's investment policies, as described above.

The Agency's insured and collateral status of the year-end bank balances were as follows:

	<u>Agency</u>	<u>Corporation</u>
Bank balance	\$ 1,508,870	797,414
Covered by FDIC insurance	<u>1,508,870</u>	<u>250,000</u>
Uncovered	\$ _____ -	<u>547,414</u>

The Agency does not typically purchase investments of a duration long enough to cause it to believe that it is exposed to any material interest rate risk. The Agency does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements, Continued

(4) Capital Assets

Capital assets at December 31 are comprised as follows:

	Balance January 1, <u>2022*</u>	<u>Additions</u>	Retirements/ <u>Dispositions</u>	Balance December 31, <u>2022</u>
Land	\$ 962,284	11,179,600	(31,804)	12,110,080
Office equipment	1,614	-	-	1,614
Signs and mailboxes	<u>7,584</u>	<u>-</u>	<u>-</u>	<u>7,584</u>
	971,482	11,179,600	(31,804)	12,119,278
Less accumulated depreciation	<u>(9,198)</u>	<u>-</u>	<u>-</u>	<u>(9,198)</u>
Capital assets, net	\$ <u>962,284</u>	<u>11,179,600</u>	<u>(31,804)</u>	<u>12,110,080</u>

\*Restated for correction of error.

(5) Lease Receivable

As of December 31, 2022, the implementation of GASB Statement No. 87 - "Leases," the present value of the lease receivable measured using an interest rate of 3.99% was \$152,512. The leased property consists of land located in the Town of Fort Edward, New York.

The following is the amortization schedule of the lease receivable:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 114,319	3,881	118,200
2024	<u>38,193</u>	<u>207</u>	<u>38,400</u>
	\$ <u>152,512</u>	<u>4,088</u>	<u>156,600</u>

The following is the amortization schedule for the corresponding deferred inflows of resources:

<u>Year ending</u>	
2023	\$ 122,010
2024	<u>30,502</u>
	\$ <u>152,512</u>

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements, Continued

(6) Correction of Errors

The Agency and the Corporation each made a correction to certain December 31, 2021 balances. In the Agency, there was insufficient documentation to provide evidence of the previously reported land balance. In the Corporation, organizational costs were capitalized and amortized. These costs should have been expensed when they were incurred.

	<u>Agency</u>
December 31, 2021, as previously stated	\$ 1,999,061
Correction of error - over valued land	<u>(164,985)</u>
December 31, 2022, as restated	\$ <u>1,834,076</u>
	<u>Corporation</u>
December 31, 2021, as previously stated	\$ 39,533
Organizational costs:	
Historic cost	(7,756)
Accumulated depreciation	<u>5,169</u>
Correction of error	<u>(2,587)</u>
December 31, 2022, as restated	\$ <u>36,946</u>

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

The Board of Directors  
Counties of Warren and Washington  
Industrial Development Agency

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 business-type activities and the discretely presented component unit of the Counties of Warren and Washington Industrial Development Agency (the Agency), as of and for the year ended December 31, 2022, and the related notes to financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated March 16, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

## Report on Compliance and Other Matters

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

## Purpose of This Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York  
March 16, 2023