

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Basic Financial Statements,  
Supplementary Information and  
Independent Auditors' Report

December 31, 2024

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 7
Basic Financial Statements:	
Statement of Net Position	8
Statement of Revenue, Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11 - 21
Required Supplementary Information:	
Schedule of the Agency's Proportionate Share of the Net Pension Liability	22
Schedule of the Agency's Pension Contributions	23
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 <u>Government Auditing Standards</u>	24 - 25
Schedule of Findings and Responses	26
Status of Prior Year Audit Findings	27
Corrective Action Plan	28

## INDEPENDENT AUDITORS' 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, 2024, and the related notes to 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, 2024, and the 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 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.

#### 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 and the additional information on pages 22 and 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 April 22, 2025, 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  
April 22, 2025

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis

December 31, 2024

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, 2024. 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 of the Agency.

FINANCIAL HIGHLIGHTS

Financial Highlights:

- The Agency's current assets increased by \$157,639 and noncurrent assets decreased by \$224,577 from 2023.
- The Agency's participation in the New York State and Local Employee' Retirement System (the System) during the year ended December 31, 2024 resulted in the reporting of its proportionate share of the net pension liability and adoption of the provisions of Governmental Accounting Standards Board Statements No. 68 and 71.
- The Agency's net position decreased by \$122,194 from 2023.
- The Corporation's current assets decreased by \$24,700 from 2023.
- The Corporation's net position decreased by \$2,300 from 2023.

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 financial statements also include notes that explain in more detail some of the information in the financial statements.

The statement of net position presents information on all the Agency's assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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.

The statement of revenue, expenses and changes in net position presents information showing how the Agency's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government financial position. In the case of the Agency and the Corporation, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,112,501 and \$64,672, respectively, as of December 31, 2024.

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, 2024 and 2023.

	2024		2023	
	Industrial Development Agency	Civic Development Corporation	Industrial Development Agency	Civic Development Corporation
Assets:				
Current assets	\$ 2,509,274	131,872	2,351,635	156,572
Capital assets, net	12,013,581	-	12,110,080	-
Other	194,244	-	322,322	-
Total assets	14,717,099	131,872	14,784,037	156,572
Deferred outflows of resources	58,016	-	-	-
Liabilities:				
Current liabilities	71,167	67,200	19,831	89,600
Long-term liabilities	45,706	-	-	-
Total liabilities	116,873	67,200	19,831	89,600
Deferred inflows of resources	545,741	-	529,511	-
Net position:				
Net investment in capital assets	12,013,581	-	12,110,080	-
Unrestricted	2,098,920	64,672	2,124,615	66,972
Total net position	\$ 14,112,501	64,672	14,234,695	66,972

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 statements of revenue, expenses and changes in net position for the years ended December 31, 2024 and 2023.

	2024		2023	
	Industrial Development Agency	Civic Development Corporation	Industrial Development Agency	Civic Development Corporation
Operating revenue	\$ 612,595	-	1,688,756	7,500
Operating expenses	<u>756,477</u>	<u>2,300</u>	<u>1,142,789</u>	<u>752,205</u>
Operating income (loss)	(143,882)	(2,300)	545,967	(744,705)
Net nonoperating revenue	<u>21,688</u>	<u>-</u>	<u>46,871</u>	<u>13,703</u>
Change in net position	(122,194)	(2,300)	592,838	(731,002)
Net position at beginning of year	<u>14,234,695</u>	<u>66,972</u>	<u>13,641,857</u>	<u>797,974</u>
Net position at end of year	<u>\$ 14,112,501</u>	<u>64,672</u>	<u>14,234,695</u>	<u>66,972</u>

Total assets for the Agency and the Corporation decreased by \$66,938 and \$24,700, respectively, from 2023 to 2024 due to the sale of five parcels of land from the canalside project.

Total liabilities for the Agency increased by \$97,042 in 2024 due to an increase in the amounts due to the Corporation and the Agency began participating in the System. Participation in the System also resulted in increases in deferred outflows of resources and deferred inflows of resources for amounts related to the pension. Total liabilities for the Corporation decreased by \$22,400 in 2024 due to the repayment of amounts due to the Agency.

Total net position for the Agency and the Corporation decreased by \$122,194 and \$2,300, respectively, due to the loss from operations, offset by interest income and the sale of five parcels of land from the airport industrial park project.

Operating revenue for the Agency and the Corporation decreased by \$1,076,161 and \$7,500, respectively. Operating expenses for the Agency and the Corporation decreased by \$386,312 and \$749,905, respectively. The changes in revenue and expenses are due to changes in the number of parcels of land available on the airport industrial park project.

Nonoperating revenue for the Agency and the Corporation decreased by \$25,183 and \$13,703, respectively, due to a decrease in the overall average balance of excess funds invested in 2024.

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

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, 2024 and 2023, are comprised as follows:

	<u>2024</u>	<u>2023</u>
Land	\$ 12,013,581	12,110,080
Equipment	9,198	9,198
Accumulated depreciation	<u>(9,198)</u>	<u>(9,198)</u>
Capital assets, net	\$ <u>12,013,581</u>	<u>12,110,080</u>

FACTORS BEARING ON THE AGENCY’S FUTURE

The Agency’s operations are dependent on the ability to attract new business into Warren County, New York and Washington County, New York. High interest rates will continue to contribute to high interest income, while resulting in uncertain economic trends for commercial development.

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, 2024

	Industrial Development Agency	Civic Development Corporation
Assets:		
Current assets:		
Cash and equivalents - unrestricted	\$ 2,066,014	24,372
Investments	-	50,000
Accounts receivable	73,111	-
Prepaid expenses	12,497	-
Due from other governments	-	57,500
Current portion of lease receivables	<u>357,652</u>	<u>-</u>
Total current assets	<u>2,509,274</u>	<u>131,872</u>
Noncurrent assets:		
Escrow cash	15,862	-
Lease receivables, net of current portion	178,382	-
Capital assets, net	<u>12,013,581</u>	<u>-</u>
Total noncurrent assets	<u>12,207,825</u>	<u>-</u>
Total assets	<u>14,717,099</u>	<u>131,872</u>
Deferred outflows of resources - pension	<u>58,016</u>	<u>-</u>
Liabilities:		
Current liabilities:		
Accounts payable	12,131	67,200
Accrued liabilities	1,536	-
Due to other governments	<u>57,500</u>	<u>-</u>
Total current liabilities	71,167	67,200
Long-term liabilities - net pension liability - proportionate share - ERS	<u>45,706</u>	<u>-</u>
Total liabilities	<u>116,873</u>	<u>67,200</u>
Deferred inflows of resources:		
Lease	522,051	-
Pension	<u>23,690</u>	<u>-</u>
Total deferred inflows of resources	<u>545,741</u>	<u>-</u>
Net position:		
Net investment in capital assets	12,013,581	-
Unrestricted	<u>2,098,920</u>	<u>64,672</u>
Total net position	<u>\$ 14,112,501</u>	<u>64,672</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, 2024

	Industrial Development Agency	Civic Development Corporation
Operating revenue - charges for services	\$ 612,595	-
Operating expenses:		
Personal services	186,149	-
Contractual expenses	507,104	2,300
Payroll taxes	63,224	-
Total operating expenses	<u>756,477</u>	<u>2,300</u>
Operating loss	<u>(143,882)</u>	<u>(2,300)</u>
Nonoperating revenue (expense):		
Interest income	89,234	-
Real property tax expense	(5,897)	-
Sale of property	(61,649)	-
Total nonoperating revenue	<u>21,688</u>	<u>-</u>
Change in net position	(122,194)	(2,300)
Net position at beginning of year	<u>14,234,695</u>	<u>66,972</u>
Net position at end of year	<u>\$ 14,112,501</u>	<u>64,672</u>

See accompanying notes to financial statements.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Statement of Cash Flows  
Year ended December 31, 2024

	<u>Industrial Development Agency</u>	<u>Civic Development Corporation</u>
Cash flows from operating activities:		
Cash received from providing services	\$ 747,048	-
Cash payments - contractual expenses	(504,081)	(2,300)
Cash payments - personal services and payroll taxes	(248,421)	-
Operating grants received (disbursed)	<u>79,900</u>	<u>(79,900)</u>
Net cash provided by (used in) operating activities	<u>74,446</u>	<u>(82,200)</u>
Cash flows from noncapital financing activities - real property taxes	<u>(5,897)</u>	<u>-</u>
Cash flows from investing activities:		
Purchases of investments	-	(50,000)
Interest income	89,234	-
Sale of property	<u>34,850</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>124,084</u>	<u>(50,000)</u>
Change in cash and equivalents	192,633	(132,200)
Cash and equivalents at beginning of year	<u>1,889,243</u>	<u>156,572</u>
Cash and equivalents at end of year	<u>\$ 2,081,876</u>	<u>24,372</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	(143,882)	(2,300)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Changes in:		
Accounts receivable	123,063	-
Prepaid expenses	(5,223)	-
Due from other governments	22,400	(57,500)
Lease receivable	22,832	-
Deferred outflows of resources - pension	(58,016)	-
Accounts payable	8,246	-
Accrued liabilities	952	-
Due to other governments	42,138	(22,400)
Net pension liability - proportionate share - ERS	45,706	-
Deferred inflows of resources - lease	(7,460)	-
Deferred inflows of resources - pension	<u>23,690</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 74,446</u>	<u>(82,200)</u>
Supplemental schedule of cash flows information - classifications of cash and equivalents:		
Unrestricted	2,066,014	24,372
Escrow cash	<u>15,862</u>	<u>-</u>
	<u>\$ 2,081,876</u>	<u>24,372</u>

See accompanying notes to financial statements.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2024

(1) Summary of Significant Accounting Policies

The financial statements of the Counties of Warren and Washington Industrial Development Agency (the 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 County, New York and Washington County, New York (the Counties) Boards of Supervisors under the provisions of Chapter 862 of the 1971 Laws of the State of New York (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 151 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 Section (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 statement of net position, which lists all of the Agency's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. The second statement is the statement 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 statement 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:

Net Investment in Capital Assets - 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 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 net position that does 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 revenue 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, 2024, are as follows:

	<u>Agency</u>	<u>Corporation</u>
Unrestricted cash	\$ 2,066,014	24,372
Escrow cash	<u>15,862</u>	<u>-</u>
Total cash and equivalents	\$ <u>2,081,876</u>	<u>24,372</u>

(i) Fair Value Measurements

Accounting principles generally accepted in the United States of America established a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Fair Value Measurements, Continued

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Agency has the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are not observable directly, or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to overall fair value measurement.

(j) Accounts Receivable

The Agency considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been established. 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.

(k) Lease Receivables

The Agency is lessor to certain noncancellable leases for land. The Agency recognizes a lease receivable and a deferred inflow of resources in the financial statements based on the present value of the payments expected to be received during the lease term. The lease receivables are reduced by the principal portion of lease payments received and the deferred inflows of resources are amortized and recognized as revenue on the straight-line basis over the life of the lease.

(l) Capital Assets

The Agency's capital assets are recorded at cost or fair market value if donated, and consist mainly of land and related development costs.

Land is recorded at cost when acquired and consists of approximately 151 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.

(m) Net Pension System

The Agency participates in the New York State and Local Employees' Retirement System (ERS or the System). The financial reporting of these amounts is presented in accordance with GASB Statement No. 68 - Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68.

(n) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Agency has one item that qualifies for reporting in this category. This amount is related to pension - ERS.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(n) Deferred Outflows of Resources and Deferred Inflows of Resources, Continued

Deferred inflows of resources represents 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 Agency has two items that qualify for reporting. These amounts are related to pension - ERS and leases.

(o) 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.

(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. 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, 2024, total \$4,725,000 which are due through 2030. Civic Development revenue bonds and notes outstanding as of December 31, 2024, total \$35,526,695 which are due through 2044.

(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.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements, Continued

(3) Cash and Equivalents, Continued

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

	<u>Agency</u>	<u>Corporation</u>
Bank balance	\$ 2,078,913	24,372
Insured by FDIC insurance	(2,078,913)	(24,372)
Uninsured	\$ _____	_____

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.

(4) Investments

Investments of the Corporation as of December 31, 2024 are summarized as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance December 31, 2024</u>
Certificate of deposit	Level 2	12/10/2024	6/10/2025	4.20%	\$ <u>50,000</u>

(5) Lease Receivables

The Agency entered into multiple agreements with a customer to lease certain real property located in the Town of Fort Edward, New York for payments ranging from \$8,600 to \$22,400 per month through April 2027. The present value of the lease receivables measured using an interest rate of 3.99% as of December 31, 2024 were \$536,034.

The following is the amortization schedule of the lease receivable:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 357,652	14,348	372,000
2026	144,265	3,735	148,000
2027	<u>34,117</u>	<u>283</u>	<u>34,400</u>
	\$ <u>536,034</u>	<u>18,366</u>	<u>554,400</u>

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

<u>Year ending</u>	
2025	\$ 331,162
2026	158,519
2027	<u>32,370</u>
	\$ <u>522,051</u>

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements, Continued

(6) Capital Assets

Capital assets activity for the year ended December 31, 2024 is as follows:

	Balance January 1, <u>2024</u>	<u>Additions</u>	Retirements/ <u>Dispositions</u>	Balance December 31, <u>2024</u>
Land	\$ 12,110,080	-	96,499	12,013,581
Office equipment	1,614	-	-	1,614
Signs and mailboxes	<u>7,584</u>	<u>-</u>	<u>-</u>	<u>7,584</u>
	12,119,278	-	96,499	12,022,779
Less accumulated depreciation	<u>(9,198)</u>	<u>-</u>	<u>-</u>	<u>(9,198)</u>
Capital assets, net	<u>\$ 12,110,080</u>	<u>-</u>	<u>96,499</u>	<u>12,013,581</u>

(7) Pension Plan

(a) Plan Description and Benefits Provided

Employees' Retirement System

The Agency participates in the System. This is a cost-sharing, multiple-employer defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% to 6% of their salary for their entire length of service. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements, Continued

(7) Pension Plan, Continued

(b) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2024, the Agency reported the following for its proportionate share of the System. The net pension system was measured as of March 31, 2024. The total pension liability used to calculate the net pension system was determined by an actuarial valuation. The Agency's proportionate share of the net pension system was based on a projection of the Agency's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Agency.

Measurement date	3/31/2024
Net pension liability	\$ 45,706
Agency's proportion of the System's net pension liability	0.0003104%
Change in proportionate share from prior year	0.0003104

For the year ended December 31, 2024, the Agency recognized pension expense of \$25,620, for the System in the statement of revenue, expenses and changes in net position. At December 31, 2024, the Agency's reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14,722	1,246
Changes of assumptions	17,281	-
Net difference between projected and actual investment earnings on pension plan investments	-	22,327
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	23,812	117
Agency's contributions subsequent to the measurement date	<u>2,201</u>	<u>-</u>
Total	\$ <u>58,016</u>	<u>23,690</u>

Agency contributions subsequent to the measurement date will be recognized as a change of the net pension system in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in the pension expense as follows:

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements, Continued

(7) Pension Plan, Continued

(b) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension, Continued

Year ending

2025	\$ (2,557)
2026	14,579
2027	19,099
2028	<u>1,004</u>
	<u>\$ 32,125</u>

(c) Actuarial Assumptions

The total pension liability at March 31, 2024 was determined using a roll forward procedure to advance the liability calculated using system assumptions and member demographics from the actuarial valuation completed as of April 1, 2023. Economic assumptions used in the April 1, 2023 actuarial valuation include:

Actuarial valuation date	April 1, 2023
Measurement date	March 31, 2024
Inflation	2.9%
Salary increases	4.4%
Investment rate of return (net of investment expense, including inflation)	5.9%
Cost-of-living adjustments	1.5%

To set the long-term rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates at return (expected return, net of investment expenses and inflation) for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Demographic assumptions used in the April 1, 2023 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 - March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements, Continued

(7) Pension Plan, Continued

(c) Actuarial Assumptions, Continued

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic equity	32%	4.00%
International equity	15%	6.65%
Private equity	10%	7.25%
Real estate	9%	4.60%
Opportunistic/ARS portfolio	3%	5.25%
Credit	4%	5.40%
Real assets	3%	5.79%
Fixed income	23%	1.50%
Cash	<u>1%</u>	0.25%
	<u>100%</u>	

\*The real rate of return is net of the long-term inflation assumption of 2.9%.

(d) Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate

The following presents the Agency's proportionate share of the net pension asset/(liability) calculated using the current discount rate of 5.9%, as well as what the Agency's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9%) or 1-percentage point higher (6.9%) than the current rate:

	1% Decrease <u>4.9%</u>	Current Assumption <u>5.9%</u>	1% Increase <u>6.9%</u>
Agency's proportionate share of the net pension asset (liability)	\$ <u>(143,705)</u>	<u>(45,706)</u>	<u>36,143</u>

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements, Continued

(7) Pension Plan, Continued

(f) Pension Plan Fiduciary Net Position

The components of the collective net pension liability of all participating employers as of March 31, 2024, were as follows:

	(Dollars in Millions)
Employers' total pension liability	\$ (240,697)
Fiduciary net position	<u>225,973</u>
Employers' net pension liability	\$ <u>(14,724)</u>
Ratio of fiduciary net position to the Employers' total pension liability	93.88%

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Retirement contributions as of December 31, 2024 represent the projected employer contribution for the period of April 1, 2024 through March 31, 2025, based on paid employee wages multiplied by the employer's contribution rate, by tier. Retirement contributions paid to the System for the year ended December 31, 2024 were \$5,210.

(8) Accounting Standards Issued But Not Yet Implemented

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. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

Statement No. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.

Statement No. 104 - Disclosure of Certain Capital Assets. Effective for fiscal years beginning after June 15, 2025.

COUNTIES OF WARREN AND WASHINGTON  
 INDUSTRIAL DEVELOPMENT AGENCY  
 Required Supplementary Information  
 Schedule of the Agency's Proportionate Share of the Net Pension Liability  
 Year ended December 31, 2024

<u>The System</u>	<u>2024</u>
The Agency's proportion of the net pension liability	0.0003104%
The Agency's proportionate share of the net pension liability	\$ 45,706
The Agency's covered payroll	\$ 160,737
The Agency's proportionate share of the net pension liability as a percentage of covered payroll	28.44%
Plan fiduciary net position as a percentage of the total pension liability	93.88%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Agency is presenting information for those years for which information is available.

The Agency began participating in the New York State and Local Employees' Retirement System (the System) during the year ended December 31, 2024. Information prior to the Agency's participation in the System is not applicable.

COUNTIES OF WARREN AND WASHINGTON  
 INDUSTRIAL DEVELOPMENT AGENCY  
 Required Supplementary Information  
 Schedule of the Agency's Pension Contributions  
 Year ended December 31, 2024

<u>The System</u>	<u>2024</u>
Contractually required contribution	\$ 5,210
Contribution in relation to the contractually required contribution	<u>5,210</u>
Contribution deficiency (excess)	<u>\$ -</u>
Agency's covered payroll	\$ 160,737
Contribution as a percentage of covered payroll	3.24%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Agency is presenting information for those years for which information is available.

The Agency began participating in the New York State and Local Employees' Retirement System (the System) during the year ended December 31, 2024. Information prior to the Agency's participation in the System is not applicable.

**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**

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, 2024, and the related notes to financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated April 22, 2025.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

#### 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2024-002.

#### The Agency's Response to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

#### 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  
April 22, 2025

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Schedule of Findings and Responses

December 31, 2024

(2024-001) Significant Audit Adjusting Journal Entries

Criteria - Management is responsible for maintaining accurate accounting records.

Condition - The accounting records did not accurately reflect appropriate balances for several of the statement of net position accounts for the Agency or Corporation.

Cause - Several statement of net position accounts were not reconciled prior to the audit.

Effect of Condition - Eight audit adjusting journal entries amounting to \$747,680 for the Agency and the Corporation were required in order to correct the balances of the accounting records of the Agency and the Corporation.

Recommendation - We recommend that significant statement of net position accounts be reconciled at year-end to ensure accounting records accurately reflect appropriate balances.

Views of Responsible Officials and Planned Corrective Actions - See accompanying corrective action plan provided by management on page 28.

(2024-002) Submission of the Annual Audited Financial Statements

Criteria - Management is responsible for establishing and maintaining effective internal controls and accounting policies to facilitate timely filing of the audited financial statements.

Condition - The audited financial statements for the year ended December 31, 2024 were not filed with the New York State Authorities Budget Office (ABO) within three months after year end.

Cause - Management failed to file audited financial statements with the ABO before the deadline of March 31, 2025.

Effect of Condition - The Agency was not in compliance with New York State Public Authorities Law, Article 9, Title 1, Section 2800(2).

Recommendation - We recommend the Agency establish additional procedures to complete the timely submission of the audited financial statements, and ensure that accounting records are reconciled and accurate prior to commencement of the audit.

Views of Responsible Officials and Planned Corrective Actions - See accompanying corrective action plan provided by management on page 28.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Status of Prior Year Audit Findings

December 31, 2024

There were no findings in the prior year financial statements (December 31, 2023).

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Corrective Action Plan

Year ended December 31, 2024

Name of Auditee: Counties of Warren and Washington Industrial Development Agency

Name of Audit Firm: EFPR Group, CPAs, PLLC

Period Covered by the Audit: Year ended December 31, 2024

CAP Prepared by: Chuck Barton, Executive Director

Phone: 518-792-1312

(A) Current Finding on the Schedule of Findings and Responses

(1) Audit Finding 2024-001 - Significant Audit Adjusting Journal Entries

- (a) Comments on the finding and recommendation: The Agency agrees with the finding. The Agency also agrees with the recommendation. See below for actions taken.
- (b) Actions Taken: Management will reconcile significant statement of net position accounts at year end to ensure accounting records accurately reflect appropriate balances.
- (c) Anticipated Completion Date: Management anticipates this finding will be resolved by December 31, 2025.
- (d) Persons Responsible for Implementation: The Board of Directors and the Executive Director.

(2) Audit Finding 2024-002 - Submission of the Annual Audited Financial Statements

- (a) Comments on the finding and recommendation: The Agency agrees with the finding. The Agency also agrees with the recommendation. See below for actions taken.
- (b) Actions Taken: Management will ensure financial records are reconciled and accurate prior to the commencement of the audit and consider establishing additional procedures to complete the timely submission of the audited financial statements.
- (c) Anticipated Completion Date: Management anticipates this finding will be resolved by December 31, 2025.
- (d) Persons Responsible for Implementation: The Board of Directors and the Executive Director.