

SCHOHARIE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

Years Ended June 30, 2019 and 2018

SCHOHARIE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Schoharie County Industrial Development Agency (the "IDA"), which comprise the statements of net position as of and for the years ended June 30, 2019 and 2018, and the related statements of revenues, expenditures and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the IDA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IDA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the IDA as of June 30, 2019 and 2018, and the changes in net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 4 – 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on Pages 21 and 22 in the other financial information section is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the IDA's financial statements as a whole. The schedules of outstanding straight lease agreements and full-time equivalent (FTE) jobs created and retained in the other financial information section is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplemental information that is required by the Office of New York State Comptroller. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2019 on our consideration of the IDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the IDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the IDA's internal control over financial reporting and compliance.

Mistert, Manzanero & Scott, LLP

Oneonta, New York
September 5, 2019

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2019

As financial management of the Schoharie County Industrial Development Agency (the "IDA"), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the IDA for the fiscal year ended June 30, 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. The IDA encourages its readers to consider the information presented here in conjunction with the financial statements taken as a whole.

Financial Highlights

The IDA's net position decreased by \$26,413 from last year. This is due primarily to an decrease in operating revenues of \$18,900 related to administrative fees and interest on notes.

The IDA's operating revenues decreased by \$18,900 from last year, primarily as a result from administrative fees and interest on notes decreasing by \$26,960 offset by bad debt recovery of \$8,039.

The IDA's operating expenses decreased by \$33,867 from last year, primarily as a result of the following:

- Bad debt expense decreased by \$44,700;
- Administrative expenses increased by \$5,600;
- Legal and accounting increased by \$9,000; and
- Office expense decreased by \$4,200.

Overview of the Financial Statements

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

Financial Statements

The IDA's financial statements provide readers with a comprehensive reporting of the IDA's fiscal year 2018 – 2019 transactions and balances. The difference between the assets and liabilities are reported as the net position. Increases or decreases in the net position are an indicator of strengthened or weakened financial position.

Notes to the Financial Statements

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

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2019

Financial Analysis

Operating revenues for the IDA were \$68,694 for fiscal year 2019. This was a decrease of 21.6% over the prior year. Income net of expenses produced a decrease in net position of \$26,413. At the close of fiscal year 2019, the IDA had a net position of \$1,469,380. This is a decrease of 1.8% over the prior year, which is attributable to an overall decrease in operating revenues and a decrease in operating expenses, explained under the “financial highlights” section (See Page 4).

The IDA’s primary objective is to provide assistance to existing businesses, business expansions and business startups with professional assistance, educational programs and loans. The loan funds are comprised of grants dedicated to this purpose. The loans in the IDA’s statements of net position are the major assets. For the IDA’s loans, the financial statement shows a decrease from \$586,187 at year-end 2018, to \$246,440, a net decrease of \$339,747.

A note receivable of \$91,865 was written off in 2018, of which an allowance of \$46,400 had been established.

Following is a 2019-2017 comparative summary of the IDA’s financial statements, showing the decrease in net position:

NET POSITION

	2019	2018	2017
Current assets	\$ 800,932	\$ 970,423	\$ 1,218,961
Non-current assets	948,517	1,163,854	945,819
Total assets	1,749,449	2,134,277	2,164,780
Current liabilities	187,048	259,855	1,239
Non-current liabilities	93,021	378,629	-
Total liabilities	280,069	638,484	1,239
Total net position	\$ 1,469,380	\$ 1,495,793	\$ 2,163,541

CHANGES IN NET POSITION

	2019	2018	2017
Operating revenues	\$ 68,694	\$ 87,615	\$ 133,408
Operating expenses	87,083	120,950	67,895
Operating income (loss)	(18,389)	(33,335)	65,513
Non-operating revenue (expense)	(8,024)	(634,413)	3,771
Changes in net position	(26,413)	(667,748)	69,284
Net position, beginning of year	1,495,793	2,163,541	2,094,257
Net position, end of year	\$ 1,469,380	\$ 1,495,793	\$ 2,163,541

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2019

2019 GOALS

The following goals remain in affect:

1. Continued administration of the MICRO Enterprise Loan Program.
2. Continued administration of current lease agreements and payments in-lieu of taxes agreements.
3. Assist private companies in their expansion with possible benefits and continue to assist the Planning and Economic Development Agency with efforts to attract businesses to Schoharie County.

Requests for Information

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

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET POSITION

June 30, 2019 and 2018

<u>ASSETS</u>	2019	2018
Current assets:		
Cash and cash equivalents	\$ 346,167	\$ 530,200
Restricted cash	127,658	151,570
Certificates of deposit & money market funds	271,913	150,000
Accounts receivable	23,169	46,964
Prepaid expenses	1,677	1,869
Notes and capital lease receivables - Current portion	30,348	89,820
Total current assets	800,932	970,423
Capital assets:		
Land	82,257	82,257
Buildings and improvements	165,682	165,682
Office equipment	724	2,378
Total capital assets	248,663	250,317
Less: Accumulated depreciation	(117,884)	(112,542)
Total capital assets, net	130,779	137,775
Other assets:		
Investments	301,289	229,355
Real estate held for resale	300,357	300,357
Notes and capital lease receivables - Long term	216,092	496,367
Total other assets	817,738	1,026,079
Total assets	1,749,449	2,134,277
<u>LIABILITIES AND NET POSITION</u>		
Current liabilities:		
Accrued expenses	10,445	123
Security deposit	500	500
Due to other governments	49,862	259,232
Unearned revenue	126,241	-
Total current liabilities	187,048	259,855
Long term liabilities:		
Due to other governments	93,021	378,629
Total long term liabilities	93,021	378,629
Total liabilities	280,069	638,484
Net position:		
Investment in capital assets, net of related debt	130,779	137,775
Unrestricted	1,338,601	1,358,018
Total net position	\$ 1,469,380	\$ 1,495,793

See accompanying notes.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
Interest on notes	\$ 14,972	\$ 21,996
Lease income	19,500	19,500
Bad debt recovery	8,039	-
Administrative fees	26,183	46,119
Total operating revenues	68,694	87,615
Operating expenses:		
Administrative expense	40,835	35,097
Travel	906	1,556
Insurance	3,113	3,104
Legal and accounting	16,511	7,516
Bad debts	756	45,465
Maintenance and supplies	14,368	14,103
Miscellaneous	1,081	440
Depreciation	6,994	6,876
Office expense	1,423	5,681
Property taxes	1,096	1,112
Total operating expenses	87,083	120,950
Net operating income (loss)	(18,389)	(33,335)
Non-operating revenue (expense):		
Grant revenue	435,365	-
Grant expense	(313,706)	-
Return of CDBG grants	-	(637,860)
Debt forgiveness - Incentive program	(136,845)	-
Interest and earnings	7,162	3,447
Total non-operating revenue (expense)	(8,024)	(634,413)
Change in net position	(26,413)	(667,748)
Net position, beginning of year	1,495,793	2,163,541
NET POSITION, END OF YEAR	\$ 1,469,380	\$ 1,495,793

See accompany notes.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Interest on notes	\$ 14,965	\$ 21,996
Payments received on notes receivable	202,902	159,080
Issuance of notes receivable	-	(165,662)
Lease income	19,500	19,500
Administrative fees	51,395	42,183
Bad debt recovery	8,039	-
Administrative expense	(40,835)	(35,097)
Travel	(906)	(1,556)
Insurance	(2,921)	(3,299)
Legal and accounting	(7,011)	(7,516)
Maintenance and supplies	(14,368)	(14,103)
Miscellaneous	(1,081)	(1,056)
Office expense	(2,530)	(5,681)
Property taxes	(584)	(1,112)
NET CASH PROVIDED BY OPERATING ACTIVITIES	226,565	7,677
Cash flows from noncapital financing activities:		
Payments on notes	(23,877)	-
Net grant income	(4,582)	-
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(28,459)	-
Cash flows from capital and related financing activities:		
Purchase of capital assets	-	(726)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	-	(726)
Cash flows from investing activities:		
Interest and earnings	5,353	3,447
Unrealized losses	(304)	-
Investment purchases	(303,226)	-
Net activity certificates of deposit	(107,874)	272,555
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(406,051)	276,002
NET INCREASE (DECREASE) IN CASH	(207,945)	282,953
Cash - Beginning of year	681,770	398,817
Cash - End of year	\$ 473,825	\$ 681,770

See accompanying notes.

	<u>2019</u>	<u>2018</u>
Reconciliation of net operating income (loss) to net cash used in operating activities:		
Net income (loss)	\$ (18,389)	\$ (33,335)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	6,994	6,876
Bad debts	756	45,465
(Increase) decrease in prepaid expenses	192	(195)
(Increase) decrease in accounts receivable	23,795	(3,936)
Increase (decrease) in accounts payable and commitments	10,322	(616)
(Increase) decrease in notes receivable	<u>202,895</u>	<u>(6,582)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 226,565</u>	 <u>\$ 7,677</u>

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1 ORGANIZATION

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Measurement Focus and Basis of Accounting

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

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

Grant Accounting

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

Cash and Cash Equivalents

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

Accounts Receivable

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

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

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

Restricted Cash

Restricted cash represents Community Development Block Grant (CDBG) funds received from Schoharie County for the small business and micro enterprise grant funds.

Notes Receivable

Notes receivable are shown net of the allowance for uncollectible accounts in accordance with U.S. GAAP. Receivables for loans and mortgages are reviewed periodically by management to update the allowance for uncollectible amounts.

Investments Policy

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

Prepaid Expenses

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

Capital Assets

Capital assets are recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives range from five to forty years, depending on the assets. The cost of repairs, maintenance and minor replacement is expensed as incurred, whereas expenditures that materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in income. Capital assets with an acquisition cost of \$1,000 or more are capitalized. Depreciation expense amounted to \$6,994 and \$6,876 in 2019 and 2018, respectively.

Revolving Loans

The IDA offers low-interest loans to area businesses. The loans are approved by the governing board after giving consideration to the enhancement of the economic environment. Repayments of revolving loans previously could be used for administrative costs and to further economic development in Schoharie County, but with a policy change in last year all program funds were to be returned to the NYS Office of Community Renewal (OCR) or committed to other approved programs by March 31, 2019. Management reviewed all of the loans/funds in the revolving loan fund and identified program funds of \$98,115 that were due back to the County of which \$57,655 was returned to the County and \$40,667 is still payable to the county at June 30, 2019.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

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

Allowance for Uncollectible Notes Receivable

Notes receivable are recorded net of the allowance for uncollectible notes. Uncollectible notes are charged to expenditures using the reserve method. There was no allowance for uncollectible accounts for the years ended June 30, 2019 or 2018.

Revenue and Expense Classification

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

Income Tax Status

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

Use of Estimates

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

Net Position

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

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

Eliminations

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

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

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

Events Occurring After Reporting Date

The IDA has evaluated subsequent events through September 5, 2019, which is the date the financial statements were available to be issued.

NOTE 3 INVESTMENTS

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

June 30, 2019	Fair Value	Investment Maturities (in Years)		
		Less than 1 Year	1-3 Years	Greater than 3 Years
Money market funds	\$ 1,703	\$ 1,703	\$ -	\$ -
Certificates of deposits	420,210	270,210	150,000	-
U.S. Treasury note	151,289	-	151,289	-
Total	\$ 573,202	\$ 271,913	\$ 301,289	\$ -

June 30, 2018	Fair Value	Investment Maturities (in Years)		
		Less than 1 Year	1-3 Years	Greater than 3 Years
Certificates of deposits	\$ 379,355	\$ 150,000	\$ 229,355	\$ -
Total	\$ 379,355	\$ 150,000	\$ 299,355	\$ -

Interest Rate Risk

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

Credit Risk

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

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 3 INVESTMENTS (Cont'd.)

Custodial Credit Risk

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

Concentrations

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

NOTE 4 NOTES AND CAPITAL LEASE RECEIVABLES

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

Micro-Enterprise Fund

Based on the new CDBG guidelines requiring the return of program money to the state of New York, the IDA implemented an incentive program that allowed a 50% reduction on loans that were repaid on or before December 31, 2018. The incentive reduction amounts are indicated for each note below:

	2019	2018
<p>\$75,662 note receivable with monthly payments of \$1,017 including interest at 3.5% for 84 months; collateralized by a brokerage account. The incentive reduction on this note was \$31,736. The balance was paid in full.</p>	\$ -	\$ 69,227
<p>\$40,000 note receivable with monthly payments of \$424 including interest at 5% from October 14, 2004 through September 14, 2016. This note was renegotiated on December 16, 2014 to \$34,480 note receivable with monthly payments of \$426 including interest at 5% ending February 22, 2022. Collateralized by equipment. The incentive reduction on this note was \$7,828. The balance was paid in full.</p>	-	17,437
<p>\$35,000 note receivable with monthly payments of \$403 including interest at 3.5% for 84 months; collateralized by a second mortgage and personal guarantee.</p>	22,164	25,823

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 4 NOTES AND CAPITAL LEASES RECEIVABLE (Cont'd.)

	2019	2018
<p>\$100,000 note receivable with monthly payments of \$977 including interest at 3.25% for 84 months; collateralized by a mortgage and personal guarantee. This incentive reduction on this note was \$40,121. The balance was paid in full.</p>	\$ -	\$ 85,503
<p>\$35,000 note receivable with monthly payments of \$1,022 including interest at 3.25% from April 3, 2008 through April 3, 2011. The note was renegotiated on December 9, 2009 to \$23,620 note receivable with monthly payments of \$500 including interest at 5.25%. Currently receiving monthly payments of \$250 until note is repaid in full; collateralized by equipment. This incentive reduction on this note was \$769. The balance was paid in full.</p>	-	2,526
<p>\$100,000 note receivable with monthly payments of \$977 including interest at 3.25% from November 7, 2008 through November 7, 2018. The note was renegotiated in May 2016 with new terms of weekly payments of \$175, including interest at 3.25%. A payment of \$30,000 was received on this note in April 2017. The weekly payments will continue until December 2019; collateralized by land and building. The incentive reduction on this note was \$4,779. The balance was paid in full.</p>	-	18,531
<p>\$60,000 note receivable with monthly payments of \$504 including interest at 3.25% from April 2015 through March 2027; collateralized by a mortgage. The incentive reduction on this note was \$22,230. The balance was paid in full.</p>	-	46,361
<p>\$100,000 note receivable with monthly payments of \$966 including interest at 3.00% from November 30, 2008 through November 30, 2018. This note was renegotiated on September 19, 2012 to monthly payments of \$966 including interest at 3% ending March 19, 2021; collateralized by land and building. The incentive reduction on this note was \$13,469. The balance was paid in full.</p>	-	34,157
<p>\$17,500 note receivable with monthly payments of \$177 including interest at 4.00% from November 3, 2008 through November 3, 2018; collateralized by land and building. The incentive reduction on this note was \$88. The balance due was paid in full.</p>	-	892

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 4 NOTES AND CAPITAL LEASES RECEIVABLE (Cont'd.)

	2019	2018
<p>\$37,571 note receivable with monthly payments of \$501 including interest at 3.25% from June 22, 2014 through May 22, 2020; collateralized by land and equipment. The incentive reduction on this note was \$4,629. The balance was paid in full.</p>	\$ -	\$ 11,149
<p>\$50,000 note receivable with monthly payments of \$489 including interest at 3.25% from December 8, 2012 through November 8, 2022; collateralized by a second mortgage. The incentive reduction on this note was \$11,196. The balance was paid in full.</p>	-	24,092
<p>\$50,000 note receivable with monthly payments of \$489 including interest at 3.25%. An additional \$13,336 was advanced on this note in August 2016 to bring the principal balance to \$50,000. Terms of the note remain the same with 120 monthly payments through August 2026; collateralized by a mortgage and two personal guarantees.</p>	37,440	42,007
<p style="padding-left: 40px;">Subtotal – Micro Enterprise Fund</p>	59,604	377,705
<u>Revolving Loan Fund</u>		
<p>\$65,000 note receivable dated October 2017 with monthly payments of \$577, including interest at 4.25% for 144 months; collateralized by land and building.</p>	58,196	62,901
<u>Operating Fund</u>		
<p>\$25,000 note receivable dated March 2018 of \$247 including interest at 3.5% for 120 monthly; collateralized by 2nd position on real estate and personal guarantee.</p>	22,694	24,826
<p>\$10,000 note receivable with monthly payments of \$292 including interest at 3.25% from December 2015 through November 2018. Collateralized by equipment. This note was paid in full.</p>	-	1,446
<p>\$80,000 note receivable with monthly payments of \$562 including interest at 3.25% from June 24, 2009 through June 24, 2024; collateralized by a mortgage. This note was renegotiated for \$82,274 in July 2014; monthly payments are \$613 including interest at 3.25% from August 2014 through July 2029.</p>	63,198	68,411

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 4 NOTES AND CAPITAL LEASES RECEIVABLE (Cont'd.)

	2019	2018
\$35,000 note receivable with monthly payments of \$470 including interest at 3.5% from August 2016 through July 2023; collateralized by a second mortgage and personal guarantee.	\$ 22,262	\$ 28,204
\$25,000 note receivable with monthly payments of \$247 including interest at 3.5% from June 2017 through May 2027; collateralized by a second mortgage and personal guarantee.	<u>20,486</u>	<u>22,694</u>
Subtotal – Operating Fund	<u>128,640</u>	<u>145,581</u>
Total all funds	246,440	586,187
Current	<u>(30,348)</u>	<u>(89,820)</u>
Total long-term notes and capital leases receivable	<u>\$ 216,092</u>	<u>\$ 496,367</u>

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

2020	\$ 30,348
2021	29,297
2022	30,350
2023	31,440
2024	26,916
Thereafter	<u>98,089</u>
Total	<u>\$ 246,440</u>

The allowance for bad debts was reduced to zero during the year ended June 30, 2018 as an uncollectible note was written off for a business that discontinued operations in 2018. The IDA did not have sufficient collateral to collect on this note. The IDA recognized additional bad debt of \$45,465 in 2018. Management believes the remaining notes receivable are collectible and have not established any additional allowance.

NOTE 5 REAL ESTATE HELD FOR RESALE

The IDA currently holds the following properties for sale:

- a. Land – Grove Street, Cobleskill, New York; currently recorded at \$170,357.
- b. Commercial building – 582 State Highway Route 20, Sharon Springs, New York; currently recorded at \$130,000. The IDA is currently leasing this property under a month-to-month lease for \$850 per month.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 6 LIABILITIES

Security Deposit

Security deposit represents amounts held by the IDA with respect to the one year operating lease of the Sharon Springs, New York property (See Note 5). The security deposit held was \$500 at June 30, 2019 and 2018.

Due to Other Governments

Due to the change in the CDBG program income guidelines in 2018, the IDA recorded a liability due to Schoharie County for CDBG funds that are required to be returned. During the current year, the IDA received approval to use some of the program income for other approved programs. The liability represents amounts not dedicated to other programs that must be returned to NYS Office at Community Renewal.

Unearned Revenue After Due to Other Governments

The IDA had unearned revenue from CDBG program funds that were approved for the following programs:

Micro Enterprise Grant Fund	\$ 65,241
Small Business Fund	<u>61,000</u>
	<u>\$ 126,241</u>

NOTE 7 RELATED PARTIES

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

NOTE 8 INDUSTRIAL DEVELOPMENT REVENUE BOND AND NOTE TRANSACTIONS

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

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 9 CREDIT RISK

Cash

State statutes require that collateral be pledged for demand deposits, time deposits, and certificates of deposit at 100% of deposits not covered by the FDIC. Obligations that may be pledged as collateral are obligations of the U.S. Treasury and its agencies, obligations of the state and its municipalities, school district debt, irrevocable letters of credit and surety bonds issued by State authorized insurance companies. The IDA had \$125,969 and \$116,654 of uncollateralized funds with one institution as of June 30, 2019 and 2018, respectively.

Accounts Receivable

At June 30, 2019 and 2018, all accounts receivable were considered collectible.

Notes Receivable

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

NOTE 10 LEASES

The IDA currently has a contract on a month-to-month basis for the property located in Sharon Springs, New York. The lease payment is \$850 monthly. The IDA received rental income under this lease in the amount of \$10,200, for the years ended June 30, 2019 and 2018.

The IDA is a lessor in a lease agreement for office space for the period of January – December. Under the lease agreement, the monthly lease payments were \$775 for the calendar year 2018 and 2019. The IDA received rental income of \$9,300 for the years ended June 30, 2019 and 2018.

NOTE 11 INTERFUND RECEIVABLES AND PAYABLES

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

	2019		2018	
	Receivable	Payable	Receivable	Payable
Operating fund	\$ 88,805	\$ -	\$ 87,388	\$ -
Micro Enterprise fund	-	88,805	-	87,388
Total	\$ 88,805	\$ 88,805	\$ 87,388	\$ 87,388

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 12 FAIR VALUE MEASUREMENTS

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

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

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not perceive investment risk.

Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Mortgage and asset backed securities classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

<u>June 30, 2019</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
U.S. Treasury note	\$ -	\$ 151,289	\$ -	\$ 151,289
Total	<u>\$ -</u>	<u>\$ 151,289</u>	<u>\$ -</u>	<u>\$ 151,289</u>

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING SCHEDULE OF NET POSITION

June 30, 2019
With Comparative Totals for 2018

<u>ASSETS</u>	Operating Fund	Micro Enterprise Fund	Revolving Loan Fund
Current assets:			
Cash and cash equivalents	\$ 342,374	\$ -	\$ 3,793
Restricted cash	-	-	-
Certificates of deposit	271,913	-	-
Accounts receivable	23,169	-	-
Prepaid expenses	1,677	-	-
Due from other funds	88,805	-	-
Notes and capital lease receivables - Current portion	-	9,195	21,153
Total current assets	<u>727,938</u>	<u>9,195</u>	<u>24,946</u>
Capital assets:			
Land	82,257	-	-
Buildings and improvements	165,682	-	-
Office equipment	724	-	-
Total capital assets	<u>248,663</u>	<u>-</u>	<u>-</u>
Less: Accumulated depreciation	(117,884)	-	-
Total net capital assets	<u>130,779</u>	<u>-</u>	<u>-</u>
Other assets:			
Investments	301,289	-	-
Real estate held for resale	170,357	130,000	-
Notes and capital lease receivables - Long-term	-	50,409	165,683
Total other assets	<u>471,646</u>	<u>180,409</u>	<u>165,683</u>
Total assets	<u>1,330,363</u>	<u>189,604</u>	<u>190,629</u>
 <u>LIABILITIES AND NET POSITION</u>			
Current liabilities:			
Accounts payable	10,445	-	-
Security deposit	500	-	-
Due to other governments	-	9,195	40,667
Due to other funds	-	87,388	-
Unearned revenue	-	-	-
Total current liabilities	<u>10,945</u>	<u>96,583</u>	<u>40,667</u>
Long-term liabilities:			
Due to other governments	-	93,021	-
Total long term liabilities	<u>-</u>	<u>93,021</u>	<u>-</u>
Total liabilities	<u>10,945</u>	<u>189,604</u>	<u>40,667</u>
Net position:			
Invested in capital assets, net of related debt	130,779	-	-
Unrestricted	1,188,639	-	149,962
Total net position	<u>\$ 1,319,418</u>	<u>\$ -</u>	<u>\$ 149,962</u>

See auditors' report.

Micro Grant Fund	Small Busines Fund	Eliminations	Totals	
			2019	2018
\$ -	\$ -	\$ -	\$ 346,167	\$ 530,200
66,658	61,000	-	127,658	151,570
-	-	-	271,913	150,000
-	-	-	23,169	46,964
-	-	-	1,677	1,869
-	-	(88,805)	-	-
-	-	-	30,348	89,820
<u>66,658</u>	<u>61,000</u>	<u>(88,805)</u>	<u>800,932</u>	<u>970,423</u>
-	-	-	82,257	82,257
-	-	-	165,682	165,682
-	-	-	724	2,378
-	-	-	248,663	250,317
-	-	-	(117,884)	(112,542)
-	-	-	130,779	137,775
-	-	-	301,289	229,355
-	-	-	300,357	300,357
-	-	-	216,092	496,367
-	-	-	817,738	1,026,079
<u>66,658</u>	<u>61,000</u>	<u>(88,805)</u>	<u>1,749,449</u>	<u>2,134,277</u>
-	-	-	10,445	123
-	-	-	500	500
-	-	-	49,862	259,232
1,417	-	(88,805)	-	-
65,241	61,000	-	126,241	-
<u>66,658</u>	<u>61,000</u>	<u>(88,805)</u>	<u>187,048</u>	<u>259,855</u>
-	-	-	93,021	378,629
-	-	-	93,021	378,629
<u>66,658</u>	<u>61,000</u>	<u>(88,805)</u>	<u>280,069</u>	<u>638,484</u>
-	-	-	130,779	137,775
-	-	-	1,338,601	1,358,018
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,469,380</u>	<u>\$ 1,495,793</u>

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION

Year Ended June 30, 2019
With Comparative Totals for 2018

	Operating Fund	Micro Enterprise Fund	Revolving Loan Fund
Operating revenues:			
Interest on notes	\$ -	\$ 7,518	\$ 7,454
Lease income	19,500	-	-
Bad debt recovery	-	8,039	-
Administrative fees	26,183	-	-
Total operating revenues	<u>45,683</u>	<u>15,557</u>	<u>7,454</u>
Operating expenses:			
Administrative expense	40,835	-	-
Travel	906	-	-
Insurance	3,113	-	-
Legal and accounting	16,308	203	-
Bad debts	756	-	-
Maintenance and supplies	14,199	169	-
Miscellaneous	1,081	-	-
Depreciation	6,994	-	-
Office expense	1,414	9	-
Property taxes	1,096	-	-
Total operating expenses	<u>86,702</u>	<u>381</u>	<u>-</u>
Net operating income (loss)	<u>(41,019)</u>	<u>15,176</u>	<u>7,454</u>
Non-operating revenue (expense):			
Grant revenue	-	435,365	-
Grant expense	-	(313,706)	-
Return of CDBG grants	-	-	-
Debt forgiveness - Incentive program	-	(136,845)	-
Interest and earnings	7,152	10	-
Total non-operating revenue (expense)	<u>7,152</u>	<u>(15,176)</u>	<u>-</u>
Change in net position	(33,867)	-	7,454
Net position, beginning of year	<u>1,353,285</u>	<u>-</u>	<u>142,508</u>
NET POSITION, END OF YEAR	<u>\$ 1,319,418</u>	<u>\$ -</u>	<u>\$ 149,962</u>

See auditor's report.

Micro Grant Fund	Small Business Fund	Eliminations	Totals	
			2019	2018
\$ -	\$ -	\$ -	\$ 14,972	\$ 21,996
-	-	-	19,500	19,500
-	-	-	8,039	-
-	-	-	26,183	46,119
-	-	-	68,694	87,615
-	-	-	40,835	35,097
-	-	-	906	1,556
-	-	-	3,113	3,104
-	-	-	16,511	7,516
-	-	-	756	45,465
-	-	-	14,368	14,103
-	-	-	1,081	440
-	-	-	6,994	6,876
-	-	-	1,423	5,681
-	-	-	1,096	1,112
-	-	-	87,083	120,950
-	-	-	(18,389)	(33,335)
305,543	-	(305,543)	435,365	-
(305,543)	-	305,543	(313,706)	-
-	-	-	-	(637,860)
-	-	-	(136,845)	-
-	-	-	7,162	3,447
-	-	-	(8,024)	(634,413)
-	-	-	(26,413)	(667,748)
-	-	-	1,495,793	2,163,541
\$ -	\$ -	\$ -	\$ 1,469,380	\$ 1,495,793

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF OUTSTANDING STRAIGHT LEASE AGREEMENTS

Year Ended June 30, 2019

Project Owner Project Owner Address	Purpose	Issue Date	Due Date	Tax		
				Sales Tax Exemptions		Real
				State	Local	County
Wal-Mart Distribution Center 1301 Southeast 10th Street Bentonville, AR 72716-8013	Retail Trade and Other	2015	2025	\$ -	\$ -	\$ 767,161
Tennessee Gas Pipeline 1001 Louisiana Street Houston, TX 77002	Gas Line	2016	2032	-	-	1,127,651
Schoharie Business Park, Inc. USDA Service Center 199 Morning Sun Drive Schoharie, NY 12157	Services	2010	2021	-	-	3,994
Iroquois Gas Transmission L.P. 1 Corporate Drive, Suite 600 Shelton, CT 06484	Gas Line	2016	2030	-	-	524,565
Sharon Springs, Inc. 1246 Anderson Ave. Fort Lee, NJ 07024	Tourism	2016	2030	11,292	11,292	1,560
Middleburgh Meadows, LLC 494 Western Turnpike Albmont, NY 12009	Retail Trade	2017	2031	-	-	4,442
				<u>\$ 11,292</u>	<u>\$ 11,292</u>	<u>\$ 2,429,373</u>

See auditors' report.

Exemptions			Payment in Lieu of Taxes			
Property Taxes		Total				
Local	School	Exemptions	County	Local	School	Total
\$ 609,765	\$ 1,416,819	\$ 2,793,745	\$ 195,000	\$ 390,000	\$ 390,000	\$ 975,000
530,658	2,387,474	4,045,783	717,683	501,702	1,636,615	2,856,000
1,681	8,895	14,570	2,919	1,228	6,450	10,597
250,698	1,164,969	1,940,232	435,940	243,032	1,139,348	1,818,320
1,662	2,882	28,688	1,452	2,178	3,420	7,050
13,204	9,824	27,470	3,422	3,161	7,917	14,500
<u>\$ 1,407,668</u>	<u>\$ 4,990,863</u>	<u>\$ 8,850,488</u>	<u>\$ 1,356,416</u>	<u>\$ 1,141,301</u>	<u>\$ 3,183,750</u>	<u>\$ 5,681,467</u>

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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

Year Ended June 30, 2019

	<u># of FTE Employees at Project Location before IDA Status</u>	<u>Original Estimate of Jobs to be Created</u>	<u>Original Estimate of Jobs to be Retained</u>	<u># of Current FTE Employees</u>	<u># of FTE Jobs Created During Fiscal Year</u>	<u># of FTE Jobs Retained During Fiscal Year</u>
Project Owner:						
Wal-Mart Distribution Center	0	360	0	651	0	0
Tennessee Gas Pipeline	2	0	2	4	0	2
Schoharie Business Park, Inc. (USDA Service Center)	13	11	13	16	0	13
Iroquois Gas Transmission, LP	3	0	3	3	0	3
Sharon Springs, Inc.	2	40	0	0	0	0
Middleburgh Meadows, LLC	<u>0</u>	<u>25</u>	<u>0</u>	<u>25</u>	<u>2</u>	<u>0</u>
	<u>20</u>	<u>436</u>	<u>18</u>	<u>699</u>	<u>2</u>	<u>18</u>

See auditors' report.

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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Schoharie County Industrial Development Agency (the "IDA") which comprise of the statement of net position as of and for the year ended June 30, 2019, and the related statements of revenues, expenditures and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 5, 2019.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

A handwritten signature in black ink that reads "Mostert, Manzanero & Scott, LLP". The signature is written in a cursive style and is located in the lower right quadrant of the page.

Oneonta, New York
September 5, 2019

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

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

We have examined the Schoharie County Industrial Development Agency's (the "IDA"), compliance with Section 2925(3) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations during the year ended June 30, 2019. Management is responsible for the IDA's compliance with those requirements. Our responsibility is to express an opinion on the IDA's compliance based on our examination.

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

In our opinion, the IDA has complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2019.

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

Mostert, Manzanero & Scott, LLP

Oneonta, New York
September 5, 2019