

SCHOHARIE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

SCHOHARIE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 – 6
FINANCIAL STATEMENTS	
Statements of Net Position	7
Statements of Revenues, Expenditures and Changes in Net Position	8
Statements of Cash Flows	9
Notes to the Financial Statements	10 – 19
OTHER FINANCIAL INFORMATION	
Combining Schedule of Net Position	20
Combining Schedule of Revenues, Expenditures, and Changes in Net Position	21
Schedule of Outstanding Straight Lease Agreements	22
Schedule of Full-Time Equivalent (FTE) Jobs Created and Retained	23
OTHER REPORTS	
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 <i>Government Auditing Standards</i>	24 – 25
Independent Auditors' Report on Compliance with Investment Guidelines for Public Authorities	26

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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"), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the IDA's basic financial statements as listed in the table of contents.

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, 2020 and 2019, and the changes in financial 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 20 and 21 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 18, 2020 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 18, 2020

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2020

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, 2020. 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 \$15,117 from last year. This is due primarily to a decrease in operating revenues of \$40,401 related to administrative fees, interest on notes and bad debt recovery. This was offset by a decrease in expenses of \$28,111 and an increase in non-operating revenue, mainly investment income of \$15,562.

The IDA's operating expenses decreased by \$28,111 from last year, primarily as a result of the following:

- Administrative expenses decreased by \$14,534;
- Legal and accounting decreased by \$8,823; and
- Maintenance and supplies decreased by \$3,947.

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 2019 – 2020 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, 2020

Financial Analysis

Operating revenues for the IDA were \$28,293 for fiscal year 2020. This was a decrease of 59% over the prior year. Income net of expenses produced a decrease in net position of \$15,117. At the close of fiscal year 2020, the IDA had a net position of \$1,454,263. This is a decrease of 1% 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 \$246,440 at year-end 2019, to \$222,900 a net decrease of \$23,540.

Following is a 2020-2018 comparative summary of the IDA’s financial statements, showing the decrease in net position:

NET POSITION

	2020	2019	2018
Current assets	\$ 688,919	\$ 800,932	\$ 970,423
Non-current assets	935,233	948,517	1,163,854
Total assets	1,624,152	1,749,449	2,134,277
Current liabilities	48,076	187,048	259,855
Non-current liabilities	121,813	93,021	378,629
Total liabilities	169,889	280,069	638,484
Total net position	\$ 1,454,263	\$ 1,469,380	\$ 1,495,793

CHANGES IN NET POSITION

	2020	2019	2018
Operating revenues	\$ 28,293	\$ 68,694	\$ 87,615
Operating expenses	58,972	87,083	120,950
Operating income (loss)	(30,679)	(18,389)	(33,335)
Non-operating revenue (expense)	15,562	(8,024)	(634,413)
Changes in net position	(15,117)	(26,413)	(667,748)
Net position, beginning of year	1,469,380	1,495,793	2,163,541
Net position, end of year	\$ 1,454,263	\$ 1,469,380	\$ 1,495,793

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2020

2020 GOALS

The following goals remain in affect:

1. Continued administration of the MICRO Enterprise Loan/Grant 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, 2020 and 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 111,002	\$ 346,167
Restricted cash	-	127,658
Investments	477,638	271,913
Accounts receivable	61,290	21,359
Interest receivable	2,635	1,810
Prepaid expenses	247	1,677
Notes and capital lease receivables - Current portion	36,107	30,348
Total current assets	<u>688,919</u>	<u>800,932</u>
Capital assets:		
Land	82,257	82,257
Buildings and improvements	177,482	165,682
Office equipment	724	724
Total capital assets	<u>260,463</u>	<u>248,663</u>
Less: Accumulated depreciation	(124,996)	(117,884)
Total capital assets, net	<u>135,467</u>	<u>130,779</u>
Other assets:		
Investments	312,615	301,289
Real estate held for resale	300,358	300,357
Notes and capital lease receivables - Long term	186,793	216,092
Total other assets	<u>799,766</u>	<u>817,738</u>
Total assets	<u>1,624,152</u>	<u>1,749,449</u>
 <u>LIABILITIES AND NET POSITION</u>		
Current liabilities:		
Accounts payable	28,576	10,445
Security/escrow deposit	5,500	500
Due to other governments	14,000	49,862
Note payable	-	-
Unearned revenue	-	126,241
Total current liabilities	<u>48,076</u>	<u>187,048</u>
Long term liabilities:		
Due to other governments	121,813	93,021
Total long term liabilities	<u>121,813</u>	<u>93,021</u>
Total liabilities	<u>169,889</u>	<u>280,069</u>
Net position:		
Investment in capital assets, net of related debt	135,467	130,779
Restricted for loans	-	-
Unrestricted	1,318,796	1,338,601
Total net position	<u>\$ 1,454,263</u>	<u>\$ 1,469,380</u>

See accompanying notes.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues:		
Interest on notes	\$ 7,593	\$ 14,972
Lease income	20,700	19,500
Bad debt recovery	-	8,039
Administrative fees	-	26,183
	28,293	68,694
Operating expenses:		
Administrative expense	26,301	40,835
Travel	920	906
Insurance	3,385	3,113
Legal and accounting	7,688	16,511
Bad debts	-	756
Maintenance and supplies	10,421	14,368
Miscellaneous	1,613	1,081
Depreciation	7,112	6,994
Office expense	1,509	1,423
Property taxes	23	1,096
	58,972	87,083
Net operating income (loss)	(30,679)	(18,389)
Non-operating revenue (expense):		
Grant revenue	125,918	435,365
Grant expense	(125,918)	(313,706)
Return of CDBG grants	(2,983)	-
Debt forgiveness - Incentive program	-	(136,845)
Interest and earnings	18,545	7,162
Total non-operating revenue (expense)	15,562	(8,024)
Change in net position	(15,117)	(26,413)
Net position, beginning of year	1,469,380	1,495,793
NET POSITION, END OF YEAR	\$ 1,454,263	\$ 1,469,380

See accompany notes.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Interest on notes	\$ 7,593	\$ 14,965
Payments received on notes receivable	23,539	202,902
Lease income	20,885	19,500
Administrative fees	-	51,395
Bad debt recovery	-	8,039
Administrative expense	(25,784)	(40,835)
Travel	(920)	(906)
Insurance	(1,955)	(2,921)
Legal and accounting	(17,188)	(7,011)
Maintenance and supplies	(10,421)	(14,368)
Miscellaneous	(1,613)	(1,081)
Office expense	(1,509)	(2,530)
Property taxes	(23)	(584)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(7,396)	226,565
Cash flows from noncapital financing activities:		
Payments on notes	(7,070)	(23,877)
Net grant income	(126,241)	(4,582)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(133,311)	(28,459)
Cash flows from capital and related financing activities:		
Escrow account	5,000	-
Purchase of capital assets	(11,800)	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(6,800)	-
Cash flows from investing activities:		
Interest and earnings	19,370	5,353
Realized (gains) losses	(281)	-
Unrealized gains	(2,695)	(304)
Investment proceeds	150,000	-
Investment purchases	(150,000)	(303,226)
Net activity certificates of deposit	(231,710)	(107,874)
NET CASH USED IN INVESTING ACTIVITIES	(215,316)	(406,051)
NET DECREASE IN CASH	(362,823)	(207,945)
Cash - Beginning of year	473,825	681,770
Cash - End of year	\$ 111,002	\$ 473,825

See accompanying notes.

	<u>2020</u>	<u>2019</u>
Reconciliation of net operating income (loss) to net cash used in operating activities:		
Net income (loss)	\$ (30,679)	\$ (18,389)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	7,112	6,994
Bad debts	-	756
(Increase) decrease in prepaid expenses	1,430	192
(Increase) decrease in accounts receivable	184	23,795
Increase (decrease) in accounts payable and commitments	(8,983)	10,322
(Increase) decrease in notes receivable	<u>23,540</u>	<u>202,895</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ (7,396)</u>	 <u>\$ 226,565</u>

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

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, 2020

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 \$7,112 and \$6,994 in 2020 and 2019, 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.

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, 2020 or 2019.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

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

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.

Events Occurring After Reporting Date

The IDA has evaluated subsequent events through September 18, 2020, which is the date the financial statements were available to be issued.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE 3 INVESTMENTS

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

<u>June 30, 2020</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
			<u>Less than 1 Year</u>	<u>1-3 Years</u>	<u>Greater than 3 Years</u>
Money market funds	\$ 159,611	\$ 159,611	\$ 159,611	\$ -	\$ -
Certificates of deposits	<u>627,643</u>	<u>630,642</u>	<u>630,642</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 787,254</u>	<u>\$ 790,253</u>	<u>\$ 790,253</u>	<u>\$ -</u>	<u>\$ -</u>
<u>June 30, 2019</u>					
Money market funds	\$ 1,703	\$ 1,703	\$ 1,703	\$ -	\$ -
Certificates of deposits	420,210	420,210	270,210	150,000	-
U.S. Treasury note	<u>150,985</u>	<u>151,289</u>	<u>-</u>	<u>151,289</u>	<u>-</u>
Total	<u>\$ 572,898</u>	<u>\$ 573,202</u>	<u>\$ 271,913</u>	<u>\$ 301,289</u>	<u>\$ -</u>

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.

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.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE 4 NOTES AND CAPITAL LEASE RECEIVABLES

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

	<u>2020</u>	<u>2019</u>
\$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.	\$ 19,427	\$ 22,164
\$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.	<u>33,917</u>	<u>37,440</u>
Subtotal – Micro Enterprise Fund	<u>53,344</u>	<u>59,604</u>
 <u>Revolving Loan Fund</u>		
\$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.	<u>53,657</u>	<u>58,196</u>
 <u>Operating Fund</u>		
\$25,000 note receivable dated March 2018 of \$247 including interest at 3.5% for 120 monthly; collateralized by 2 nd position on real estate and personal guarantee.	20,487	22,694
\$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.	57,813	63,198
\$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.	19,399	22,262

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

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

	<u>2020</u>	<u>2019</u>
\$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>18,200</u>	<u>20,486</u>
Subtotal – Operating Fund	<u>115,899</u>	<u>128,640</u>
Total all funds	222,900	246,440
Current	<u>(36,107)</u>	<u>(30,348)</u>
Total long-term notes and capital leases receivable	<u>\$ 186,793</u>	<u>\$ 216,092</u>

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

2021	\$ 36,107
2022	30,350
2023	31,440
2024	26,916
Thereafter	<u>98,087</u>
Total	<u>\$ 222,900</u>

Management believes the remaining notes receivable are collectible and have not established any 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 \$170,358.
- 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 lease for \$850 per month. (See Note 10).

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE 6 LIABILITIES

Security Escrow Deposit

The IDA holds a security deposit 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, 2020 and 2019.

During 2020, the IDA required an escrow account to be established for one of the projects in the amount of \$5,000 to cover legal and administrative fees in case the project was not finalized so these costs did not become an obligation of the IDA.

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. The liability represents amounts not dedicated to other programs that must be returned to NYS Office at Community Renewal. At June 30, 2020 and 2019, the revolving loan fund had \$37,670 and \$40,667, respectively, payable to the county. Also at June 30, 2020 and 2019, the micro enterprise fund had \$98,143 and \$102,215, respectively, payable to the county.

Unearned Revenue After Due to Other Governments

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

	<u>2020</u>	<u>2019</u>
Micro Enterprise Grant Fund	\$ -	\$ 65,241
Small Business Fund	<u>-</u>	<u>61,000</u>
	<u>\$ -</u>	<u>\$ 126,241</u>

The small business fund amount of \$61,000 was returned to the county as the approved project never came to fruition.

NOTE 7 RELATED PARTIES

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

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

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.

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 \$-0- and \$125,969 of uncollateralized funds with one institution as of June 30, 2020 and 2019, respectively.

Accounts Receivable

At June 30, 2020 and 2019, 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 lease agreement from January 1, 2020 to December 31, 2020 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, 2020 and 2019.

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 \$975 and \$775 for the calendar year 2020 and 2019, respectively. The IDA received rental income of \$10,500 and \$9,300 for the years ended June 30, 2020 and 2019, respectively.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE 11 INTERFUND RECEIVABLES AND PAYABLES

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

	2020		2019	
	Receivable	Payable	Receivable	Payable
Revolving loan fund	\$ 2,308	\$ -	\$ -	\$ -
Micro grant fund	-	7,286	-	-
Operating fund	100,449	-	88,805	-
Micro Enterprise fund	-	89,696	-	88,805
Small business fund	-	5,775	-	-
Total	\$ 102,757	\$ 102,757	\$ 88,805	\$ 88,805

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.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE 12 FAIR VALUE MEASUREMENTS (Cont'd.)

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.

June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	\$ 159,611	\$ -	\$ -	\$ 159,611
Certificates of deposit	<u>630,642</u>	<u>-</u>	<u>-</u>	<u>630,642</u>
Total	<u>\$ 790,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 790,253</u>
<u>June 30, 2019</u>				
Money market funds	\$ 1,703	\$ -	\$ -	\$ 1,703
Certificates of deposit	420,210	-	-	420,210
U.S. Treasury note	<u>-</u>	<u>151,289</u>	<u>-</u>	<u>151,289</u>
Total	<u>\$ 421,913</u>	<u>\$ 151,289</u>	<u>\$ -</u>	<u>\$ 573,202</u>

NOTE 13 SUBSEQUENT EVENT

Subsequent to year-end, the IDA has been impacted by the effects of the worldwide coronavirus pandemic. The IDA is closely monitoring its operations, liquidity, capital resources, and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the IDA's financial position is unknown.

* * * * *

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING SCHEDULE OF NET POSITION

June 30, 2020
With Comparative Totals for 2019

<u>ASSETS</u>	Operating Fund	Micro Enterprise Fund	Revolving Loan Fund
Current assets:			
Cash and cash equivalents	\$ 86,069	\$ 4,495	\$ 20,378
Restricted cash	-	-	-
Investments	477,638	-	-
Accounts receivable	21,175	-	-
Interest receivable	2,635	-	-
Prepaid expenses	247	-	-
Due from other funds	100,449	-	2,308
Notes and capital lease receivables - Current portion	-	12,096	24,011
Total current assets	688,213	16,591	46,697
Capital assets:			
Land	82,257	-	-
Buildings and improvements	177,482	-	-
Office equipment	724	-	-
Total capital assets	260,463	-	-
Less: Accumulated depreciation	(124,996)	-	-
Total net capital assets	135,467	-	-
Other assets:			
Investments	312,615	-	-
Real estate held for resale	170,358	130,000	-
Notes and capital lease receivables - Long-term	-	41,248	145,545
Total other assets	482,973	171,248	145,545
Total assets	1,306,653	187,839	192,242
<u>LIABILITIES AND NET POSITION</u>			
Current liabilities:			
Accounts payable	1,462	-	-
Security/escrow deposits	5,500	-	-
Due to other governments	-	10,000	4,000
Due to other funds	-	89,696	-
Note payable	-	-	-
Unearned revenue	-	-	-
Total current liabilities	6,962	99,696	4,000
Long-term liabilities:			
Due to other governments	-	88,143	33,670
Total long term liabilities	-	88,143	33,670
Total liabilities	6,962	187,839	37,670
Net position:			
Invested in capital assets, net of related debt	135,467	-	-
Restricted	-	-	-
Unrestricted	1,164,224	-	154,572
Total net position	\$ 1,299,691	\$ -	\$ 154,572

See auditors' report.

Micro Grant Fund	Small Busines Fund	Eliminations	Totals	
			2020	2019
\$ 30	\$ 30	\$ -	\$ 111,002	\$ 346,167
-	-	-	-	127,658
-	-	-	477,638	270,103
7,256	32,859	-	61,290	23,169
-	-	-	2,635	1,810
-	-	-	247	1,677
-	-	(102,757)	-	-
-	-	-	36,107	30,348
<u>7,286</u>	<u>32,889</u>	<u>(102,757)</u>	<u>688,919</u>	<u>800,932</u>
-	-	-	82,257	82,257
-	-	-	177,482	165,682
-	-	-	724	724
-	-	-	<u>260,463</u>	<u>248,663</u>
-	-	-	(124,996)	(117,884)
-	-	-	<u>135,467</u>	<u>130,779</u>
-	-	-	312,615	301,289
-	-	-	300,358	300,357
-	-	-	186,793	216,092
-	-	-	<u>799,766</u>	<u>817,738</u>
<u>7,286</u>	<u>32,889</u>	<u>(102,757)</u>	<u>1,624,152</u>	<u>1,749,449</u>
-	27,114	-	28,576	10,445
-	-	-	5,500	500
-	-	-	14,000	49,862
7,286	5,775	(102,757)	-	-
-	-	-	-	-
-	-	-	-	126,241
<u>7,286</u>	<u>32,889</u>	<u>(102,757)</u>	<u>48,076</u>	<u>187,048</u>
-	-	-	121,813	93,021
-	-	-	<u>121,813</u>	<u>93,021</u>
<u>7,286</u>	<u>32,889</u>	<u>(102,757)</u>	<u>169,889</u>	<u>280,069</u>
-	-	-	135,467	130,779
-	-	-	-	-
-	-	-	<u>1,318,796</u>	<u>1,338,601</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,454,263</u>	<u>\$ 1,469,380</u>

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION

Year Ended June 30, 2020
With Comparative Totals for 2019

	Operating Fund	Micro Enterprise Fund	Revolving Loan Fund
Operating revenues:			
Interest on notes	\$ -	\$ 1,364	\$ 6,229
Lease income	20,700	-	-
Bad debt recovery	-	-	-
Administrative fees	20,054	-	-
Total operating revenues	<u>40,754</u>	<u>1,364</u>	<u>6,229</u>
Operating expenses:			
Administrative expense	46,355	-	-
Travel	920	-	-
Insurance	3,385	-	-
Legal and accounting	7,688	-	-
Bad debts	-	-	-
Maintenance and supplies	10,421	-	-
Miscellaneous	1,613	-	-
Depreciation	7,112	-	-
Office expense	1,509	-	-
Property taxes	23	-	-
Total operating expenses	<u>79,026</u>	<u>-</u>	<u>-</u>
Net operating income (loss)	<u>(38,272)</u>	<u>1,364</u>	<u>6,229</u>
Non-operating revenue (expense):			
Grant revenue	-	-	-
Grant expense	-	-	-
Return of CDBG grants	-	(1,364)	(1,619)
Debt forgiveness - Incentive program	-	-	-
Interest and earnings	18,545	-	-
Total non-operating revenue (expense)	<u>18,545</u>	<u>(1,364)</u>	<u>(1,619)</u>
Change in net position	(19,727)	-	4,610
Net position, beginning of year	<u>1,319,418</u>	<u>-</u>	<u>149,962</u>
NET POSITION, END OF YEAR	<u>\$ 1,299,691</u>	<u>\$ -</u>	<u>\$ 154,572</u>

See auditor's report.

Micro Grant Fund	Small Business Fund	Eliminations	Totals	
			2020	2019
\$ -	\$ -	\$ -	\$ 7,593	\$ 14,972
-	-	-	20,700	19,500
-	-	-	-	8,039
-	-	(20,054)	-	26,183
-	-	(20,054)	28,293	68,694
-	-	(20,054)	26,301	40,835
-	-	-	920	906
-	-	-	3,385	3,113
-	-	-	7,688	16,511
-	-	-	-	756
-	-	-	10,421	14,368
-	-	-	1,613	1,081
-	-	-	7,112	6,994
-	-	-	1,509	1,423
-	-	-	23	1,096
-	-	(20,054)	58,972	87,083
-	-	-	(30,679)	(18,389)
62,335	63,583	-	125,918	435,365
(62,335)	(63,583)	-	(125,918)	(313,706)
-	-	-	(2,983)	-
-	-	-	-	(136,845)
-	-	-	18,545	7,162
-	-	-	15,562	(8,024)
-	-	-	(15,117)	(26,413)
-	-	-	1,469,380	1,495,793
\$ -	\$ -	\$ -	\$ 1,454,263	\$ 1,469,380

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF OUTSTANDING STRAIGHT LEASE AGREEMENTS

Year Ended June 30, 2020

Project Owner Project Owner Address	Purpose	Issue Date	Due Date	Tax		Real County
				Sales Tax Exemptions State	Local	
Wal-Mart Distribution Center 1301 Southeast 10th Street Bentonville, AR 72716-8013	Retail Trade and Other	2015	2025	\$ -	\$ -	\$ 824,307
Tennessee Gas Pipeline 1001 Louisiana Street Houston, TX 77002	Gas Line	2016	2032	-	-	1,176,615
Schoharie Business Park, Inc. USDA Service Center 199 Morning Sun Drive Schoharie, NY 12157	Services	2010	2021	-	-	3,961
Iroquois Gas Transmission L.P. 1 Corporate Drive, Suite 600 Shelton, CT 06484	Gas Line	2016	2030	-	-	528,321
Sharon Springs, Inc. 1246 Anderson Ave. Fort Lee, NJ 07024	Tourism	2016	2030	690	690	2,794
Middleburgh Meadows, LLC 494 Western Turnpike Altmont, NY 12009	Retail Trade	2017	2031	-	-	18,809
				\$ 690	\$ 690	\$ 2,554,807

See auditors' report.

Exemptions			Payment in Lieu of Taxes			
Property Taxes		Total	County	Local	School	Total
Local	School	Exemptions				
\$ 598,154	\$ 1,441,584	\$ 2,864,045	\$ 195,000	\$ 390,000	\$ 390,000	\$ 975,000
528,900	2,487,410	4,192,925	732,036	511,736	1,669,348	2,913,120
1,687	8,825	14,473	3,250	1,384	7,241	11,875
251,344	1,184,716	1,964,381	444,658	247,893	1,162,135	1,854,686
2,028	4,887	11,089	1,536	2,304	3,630	7,470
17,201	40,685	76,695	3,422	3,161	7,917	14,500
<u>\$ 1,399,314</u>	<u>\$ 5,168,107</u>	<u>\$ 9,123,608</u>	<u>\$ 1,379,902</u>	<u>\$ 1,156,478</u>	<u>\$ 3,240,271</u>	<u>\$ 5,776,651</u>

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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

Year Ended June 30, 2020

	# of FTE Employees at Project Location before IDA Status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	# of Current FTE Employees	# of FTE Jobs Created During Fiscal Year	# of FTE Jobs Retained During Fiscal Year
Project Owner:						
Wal-Mart Distribution Center	0	350	0	568	0	568
Tennessee Gas Pipeline	2	0	2	5	1	4
Schoharie Business Park, Inc. (USDA Service Center)	13	11	13	12	0	12
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>30.37</u>	<u>5.74</u>	<u>24.63</u>
	<u>20</u>	<u>426</u>	<u>18</u>	<u>618.37</u>	<u>6.74</u>	<u>611.63</u>

*These projects are under construction. The full time positions are expected to begin the next fiscal year.

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, 2020, 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 18, 2020.

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.

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 positioned on a light blue rectangular background.

Oneonta, New York
September 18, 2020

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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, 2020. 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, 2020.

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 18, 2020

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