

*SCHENECTADY COUNTY
INDUSTRIAL DEVELOPMENT AGENCY*

FINANCIAL STATEMENTS

DECEMBER 31, 2022

SCHEENECTADY COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
FINANCIAL STATEMENTS
DECEMBER 31, 2022

	<u>Page</u>
Independent Auditor's Report	1-3
Statement of Net Position	4
Statement of Revenues, Expenses and Changes in Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7-9
Supplementary Information	
Statement of Indebtedness	10
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11-12
Independent Auditor's Report on Compliance with Laws and Regulations Related to Investment Guidelines for Public Authorities	13

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Schenectady County
Industrial Development Agency

Opinion

We have audited the accompanying financial statements of the governmental activities of the Schenectady County Industrial Development Agency (the "Agency") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Schenectady County Industrial Development Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Agency as of December 31, 2022, and the respective changes in its financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Schenectady County Industrial Development Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by reasonable user based on the financial statements.

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

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

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

Other Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Schenectady County Industrial Development Agency's basic financial statements. The accompanying schedule of indebtedness on page 10 is supplemental information presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023 on our consideration of the Schenectady County Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Schenectady County Industrial Development Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Schenectady County Industrial Development Agency's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
February 27, 2023

SCHENECTADY COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
DECEMBER 31, 2022

Assets

Current Assets:	
Cash	\$ 1,017,814
Total Assets	<u>\$ 1,017,814</u>

Liabilities

Accounts Payable	\$ 7,200
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Net Position

Unrestricted Net Position	<u>1,010,614</u>
Total Liabilities and Net Position	<u>\$ 1,017,814</u>

SCHENECTADY COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

Revenues:	
Administrative Fees	\$ 1,057,900
Interest Income	<u>112</u>
Total Revenues	<u>1,058,012</u>
Program Expenses:	
Project Expenses	36,000
Management Fee	316,320
Professional Fees	11,400
Miscellaneous	<u>1,435</u>
Total Expenses	<u>365,155</u>
Change in Net Position	692,857
Net Position, Beginning of Year	<u>317,757</u>
Net Position, End of Year	<u><u>\$ 1,010,614</u></u>

SCHEENECTADY COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows Provided by (Used in) Operating Activities:	
Receipts from Customers	\$ 1,057,900
Interest Income	112
Payments to Vendors	(323,804)
Payments for Project Expenses	<u>(36,000)</u>
Net Cash Provided by Operating Activities	698,208
Cash, Beginning of Year	<u>319,606</u>
Cash, End of Year	<u><u>\$ 1,017,814</u></u>
Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities:	
Change in Net Position	\$ 692,857
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:	
Changes in Operating Assets and Liabilities	
Accounts Payable	<u>5,351</u>
Net Cash Provided by Operating Activities	<u><u>\$ 698,208</u></u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Schenectady County Industrial Development Agency (the “Agency”) is a public benefit corporation established on December 17, 1978, under the mandate of Article 18-A, “New York State Industrial Development Act” of New York State general municipal law. The Agency was established for the purpose of encouraging economic growth within Schenectady County, New York (the “County”).

The Agency’s function is to authorize the issuance of industrial revenue bonds for industrial development projects and to assist businesses in acquiring or constructing various facilities in order to provide job opportunities and increase economic welfare. In return for its efforts, the Agency receives application and closing fees related to this business financing.

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Accounting Method

The Agency’s financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) for public authorities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Agency is determined by its measurement focus. The transactions of the Agency are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included in the statement of net position.

Revenues are recognized when earned and expenses are recognized when incurred.

Estimates

In preparing financial statements in accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

The Agency's investment policy and state statutes authorize the Agency to maintain deposits with FDIC-insured commercial banks located within the state. The Agency is authorized to use demand accounts, money market accounts and certificates of deposit. Collateral is required for all deposits not covered by federal deposit insurance. As of December 31, 2022, all of the Agency's deposits were fully insured or collateralized.

Industrial Development Revenue Bonds and Note Transactions

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

At December 31, 2022, the value of bonds outstanding was \$6,500,000.

Tax Status

The Agency is exempt from federal, state and local income taxes.

Subsequent Events

In preparing the financial statements and notes thereto, the Agency considered subsequent events or transactions as to any potential material impact on operations or financial position occurring through February 27, 2023, the date the financial statements were available to be issued. No such events or transactions were identified.

2. COMMITMENTS AND CONTINGENCIES

Administrative Service Agreement

Effective in 2012, the Agency entered into an administrative service agreement with the Schenectady Metroplex Development Authority (the Authority), an unrelated party. In accordance with the agreement, the Authority provides general administrative functions and other requested services. The terms of the agreement require the Agency to pay 30% of the administrative fees collected at the closing of projects. The administrative fee was \$316,320 for the year ended December 31, 2022.

3. UNCERTAINTY

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Agency and its future financial position and results of operations is not presently determinable.

SUPPLEMENTARY INFORMATION

SCHENECTADY COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Project Description</u>	<u>Original Issue Date</u>	<u>Current Interest Rate</u>	<u>Outstanding January 1, 2022</u>	<u>Issued During 2022</u>	<u>Principal Payments 2022</u>	<u>Outstanding December 31, 2022</u>	<u>Final Maturity Date</u>
Sunnyview Hospital 2003A	08/03	Varies	\$ 4,320,000	\$ -	\$ 285,000	\$ 4,035,000	08/33
Sunnyview Hospital 2003B	08/03	Varies	<u>2,640,000</u>	<u>-</u>	<u>175,000</u>	<u>2,465,000</u>	08/33
			<u>\$ 6,960,000</u>	<u>\$ -</u>	<u>\$ 460,000</u>	<u>\$ 6,500,000</u>	

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

Board of Directors
Schenectady County
Industrial Development Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Schenectady County Industrial Development Agency as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Schenectady County Industrial Development Agency's basic financial statements, and have issued our report thereon dated February 27, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
February 27, 2023

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS RELATED TO INVESTMENT
GUIDELINES FOR PUBLIC AUTHORITIES**

Board of Directors
Schenectady County
Industrial Development Agency

We have audited, 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, the governmental activities of the Schenectady County Industrial Development Agency (the "Agency," a New York State public benefit corporation), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Schenectady County Industrial Development Agency's financial statements, and have issued our report thereon dated February 27, 2023.

We conducted our audit 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.

In connection with our audit, nothing came to our attention that caused us to believe that the Agency failed to comply with the Agency's own investment policies as well as applicable laws, regulations, and the State Comptroller's Investment Guidelines. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Agency's noncompliance with the above referenced requirements, insofar as they relate to accounting matters.

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



CUSACK & COMPANY, CPA'S LLC

Latham, New York
February 27, 2023