

**Steuben County Industrial Development Agency
And
Steuben County Economic Development Corporation
7234 Route 54 North
PO Box 393
Bath, NY 14810
March 18, 2022 Joint Finance Committee Meeting Notice**

The Steuben County Industrial Development Agency and the Steuben County Economic Development Corporation will hold a joint Finance Committee Meeting at 9:00 am on March 18, 2022. This meeting is open to the public and those wishing to view the meeting as it is held may do so by visiting

<https://us02web.zoom.us/j/88076531088?pwd=K09ZRW1lUmFPM CtySUQ2VnhPamI2UT09>.

In accordance with the NYS Open Meetings Law, Public Officers Law, Article 7, 103 (c):

“A public body that uses videoconferencing to conduct its meetings shall provide an opportunity for the public to attend, listen and observe at any site at which a member participates.”

Locations that are offering a virtual option are as follows:

432 Sailfish Ave
Cape Canaveral, Florida

11331 Hendy Hollow Road
Corning, NY 14830

Steuben County Industrial Development Agency
Regular Meeting of the Finance Committee

Agenda

March 18, 2022

9:00 am

- | | |
|---|---------|
| 1. Call to Order | Russo |
| 2. New Business | |
| a) 2021 IDA Year End Draft Financial Statements | Johnson |
| b) 2021 EDC Year End Draft Financial Statements | Johnson |
| 3. Adjournment | Russo |

STEUBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
FINANCIAL STATEMENTS
DECEMBER 31, 2021

DRAFT

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Steuben County Industrial Development Agency
Bath, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Steuben County Industrial Development Agency, a discretely presented component unit of the County of Steuben, New York, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Steuben 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 financial position of the Steuben County Industrial Development Agency, a discretely presented component unit of the County of Steuben, New York, as of and for the years ended December 31, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. 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 the Steuben 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.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Steuben 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 the Steuben 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 9, schedule of the agency's proportionate share of the net pension liability on page 22, and the schedule of agency's pension contributions on page 23 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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 methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the supplementary schedule of straight lease projects basic financial statements. The accompanying supplementary schedule of straight lease projects is 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 supplementary schedule of straight lease projects 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 March 25, 2021, on our consideration of Steuben 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Rochester, New York

March 25, 2021 - TO BE UPDATED UPON ISSUANCE

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
For the Year Ended December 31, 2021

The following is a discussion and analysis of Steuben County Industrial Development Agency's (the "Agency") financial performance for the year ended December 31, 2021. Management's discussion and analysis is a summary of the Agency's financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Agency's financial statements, which immediately follow this section.

Financial Highlights

- Total assets amounted to \$5,089,867 and \$4,260,088 at December 31, 2021 and 2020, respectively. This represents an increase of \$829,779, or 19.5%, from the prior year. The increase in assets is primarily due to the increase in administrative income for the renewable energy projects that the Agency is involved in.
- Total operating revenues amounted to \$1,449,693 and \$606,486 for the years ended December 31, 2021 and 2020, respectively. This represents an increase of \$843,207, or 139.0%, from the prior year. As noted above, the increase in income is due to the administrative income received from the renewable energy projects that the Agency is involved in.
- Total operating expenses amounted to \$720,675 and \$947,373 for the years ended December 31, 2021 and 2020, respectively. This represents a decrease of \$226,698, or 23.9% from the prior year expenses. The decrease is a result of a one time investment the Agency made in 2020 to support the REDEC Steuben County Emergency Relief Fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. This report includes the independent auditors' report, financial statements, notes to financial statements and required and other supplemental information that will enhance the reader's understanding of the financial condition of the Agency.

Required Financial Statements - The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include:

- **Statements of Net Position** - Present all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the Agency at December 31, 2021 and 2020. The statements provide information about the amounts and investments in resources (assets) and the obligations to creditors (liabilities).
- **Statements of Revenues, Expenses, and Changes in Net Position** - Present the financial activity for the years ended December 31, 2021 and 2020 and displays how this activity changed the Agency's net position. The statements provide information on the Agency's operations and can be used to determine if the Agency has recovered all of its costs through grants, user fees and other charges.
- **Statements of Cash Flows** - Present the cash provided and used in operations, investing and capital related financing activities during 2021 and 2020 and how it affects the cash balances at December 31, 2021 and 2020.
- **Notes to Financial Statements** - Provide information regarding the Agency and explain in more detail information included in the financial statements.

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Other Financial Information

In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information. This includes the schedule of agency's proportionate share of the net pension liability and the schedule of agency's pension contribution. Also included in this section are the notes to required supplementary information.

Presented as other supplementary information, the schedule of straight lease projects, immediately follows the required supplementary information.

Financial Analysis

The Agency provides financial incentives and technical assistance to businesses moving to or expanding in Steuben County where job and capital creation will help improve the economic climate of the County. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. In the case of the Agency, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,922,550 and \$4,181,339 at December 31, 2021 and 2020, respectively.

A condensed version of the Agency's statement of net position follows:

Table 1
Condensed Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>% Change</u>
Assets				
Current assets	\$ 3,500,691	\$ 2,471,507	\$ 1,029,184	41.6 %
Noncurrent assets	<u>1,589,176</u>	<u>1,788,581</u>	<u>(199,405)</u>	<u>(11.1)</u>
Total assets	<u>5,089,867</u>	<u>4,260,088</u>	<u>829,779</u>	<u>19.5</u>
Deferred Outflows of Resources				
	<u>216,258</u>	<u>182,229</u>	<u>34,029</u>	<u>18.7</u>
Liabilities				
Current liabilities	6,315	4,924	1,391	28.2
Noncurrent liabilities	<u>930</u>	<u>243,481</u>	<u>(242,551)</u>	<u>(99.6)</u>
Total liabilities	<u>7,245</u>	<u>248,405</u>	<u>(241,160)</u>	<u>(97.1)</u>
Deferred Inflows of Resources				
	<u>376,330</u>	<u>12,573</u>	<u>363,757</u>	<u>2,893.2</u>
Net Position				
Net investment in capital assets	1,589,176	1,630,710	(41,534)	(2.5)
Restricted net position	224,946	267,862	(42,916)	(16.0)
Unrestricted	<u>3,108,428</u>	<u>2,282,767</u>	<u>825,661</u>	<u>36.2</u>
Total net position	<u>\$ 4,922,550</u>	<u>\$ 4,181,339</u>	<u>\$ 741,211</u>	<u>17.7 %</u>

Net position increased from 2020 to 2021 due to an excess of revenues over expenses related to the increase in administrative income received from the multiple renewable energy projects that the Agency is involved in.

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
For the Year Ended December 31, 2021

A condensed version of the Agency's statements of income, expenses, and changes in net position follows:

Table 2
Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>	<u>Dollar</u> <u>Change</u>	<u>%</u> <u>Change</u>
Operating Revenues				
Administrative income	\$ 1,364,615	\$ 517,550	\$ 847,065	163.7 %
Business development support	75,000	75,000	-	-
Other operating income	<u>10,078</u>	<u>13,936</u>	<u>(3,858)</u>	<u>(27.7)</u>
Total operating revenues	<u>1,449,693</u>	<u>606,486</u>	<u>843,207</u>	<u>139.0</u>
Operating Expenses				
Salaries and wages	345,137	356,844	(11,707)	(3.3)
Pension expense	18,255	77,616	(59,361)	(76.5)
Depreciation and amortization	53,234	62,474	(9,240)	(14.8)
Office expense	54,149	54,229	(80)	(0.1)
Insurance	54,874	69,738	(14,864)	(21.3)
REDEC Steuben County Emergency Relief Program	-	250,000	(250,000)	(100.0)
Loan forgiveness - CDBG	133,343	-	133,343	100.0
Other operating expenses	<u>61,683</u>	<u>76,472</u>	<u>(14,789)</u>	<u>(19.3)</u>
Total operating expenses	<u>720,675</u>	<u>947,373</u>	<u>(226,698)</u>	<u>(23.9)</u>
Operating Income (Loss)	729,018	(340,887)	1,069,905	313.9
Non-Operating Income	<u>12,193</u>	<u>16,708</u>	<u>(4,515)</u>	<u>(27.0)</u>
Change in Net Position	741,211	(324,179)	1,065,390	328.6
Net Position - Beginning	<u>4,181,339</u>	<u>4,505,518</u>	<u>(324,179)</u>	<u>(7.2)</u>
Net Position - Ending	<u>\$ 4,922,550</u>	<u>\$ 4,181,339</u>	<u>\$ 741,211</u>	<u>17.7 %</u>

The increase in income was due to the administrative income received from the multiple renewable energy projects that the Agency is involved in. The decrease in operating expenses is primarily due to the prior year investment the Agency made to support the REDEC Steuben County Emergency Relief Fund to provide access to capital for local businesses impacted by the COVID pandemic.

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Another important factor in the consideration of fiscal condition is the Agency's cash position and statements of cash flows. A condensed version of the Agency's statements of cash flows follows:

Table 3
Condensed Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities	\$ 1,020,433	\$ (236,890)
Cash flows from capital and related financing activities	(11,700)	17,512
Cash flows from investing activities	<u>816,422</u>	<u>(229,288)</u>
Net change in cash and cash equivalents	1,825,155	(448,666)
Cash and cash equivalents - beginning	<u>1,062,354</u>	<u>1,511,020</u>
Cash and cash equivalents - ending	<u>\$ 2,887,509</u>	<u>\$ 1,062,354</u>

Capital Assets

The Agency's capital assets consist primarily of land and equipment associated with various Agency owned railroads as well as the office building that the Agency's offices are located in. Additionally, the Agency owns 72.09 acres of land designated as an industrial park.

Operations and Accomplishments

During the year, the Agency approved six projects which will leverage \$237 million in private investment. In addition, the Agency also accepted one application that was submitted in 2021 but did not receive final approval totaling over \$24 million in additional investment.

During the past reporting period the Agency's projects exceeded \$XX million in new private sector investment and generated \$XX million in PILOT revenue to municipalities and school districts throughout the County. While job numbers were down during the year due to COVID, active Agency projects supported over XX jobs, accounting for over \$XX million in payroll in the County.

Outlined below are several major highlights for the year:

Renewable Energy Development - Staff continued to be actively engaged in the development of renewable energy projects in Steuben County. During the year the Agency closed on both Baron and Eight Point wind projects which total over \$500 million in new investment and will generate nearly 200 Mw of electricity annually. Canisteo Wind also announced they would be moving forward with their project in 2022 representing an additional \$329 million of investment.

In addition, the Agency closed on four additional solar projects in 2021 making Steuben County a statewide leader in renewable energy development.

Combined, the wind and solar developments represent \$1.2 billion in investment which will generate over 1,000 MgW of renewable energy, enough to power 160,000 homes.

LP Building Solutions - During the year, LP Building Solutions announced that they selected Bath, NY as the location for their Northeast Finishing facility for the company's siding division. The Agency worked with the company to identify the site and led efforts to develop an incentive package with various funding partners including ESD, NYSEG and the B&H Railroad. The \$24 million investment will be in operation in 2023 and support 61 new jobs.

Amazon - In 2020, Amazon announced their interest in developing a last mile distribution center in Bath, NY. The project stalled in 2021 due to identified traffic improvements needed on County Route 54 and Industrial Park Road.

To advance the project, the Agency negotiated a solution to have the Agency make the improvement with financial

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
For the Year Ended December 31, 2021

support of the company. The Agency also secured \$100,000 in ARPA funding from the County to support the proposed \$750,000 investment. The work is anticipated to be completed in 2022 allowing Amazon to proceed with their investment and job creation.

Other noteworthy business attraction efforts for the Agency include the following:

Wilkins RV - The Agency worked with the company to develop an incentive package to allow them to move forward with a \$2.7 million expansion of their service department including a new paint booth, which is a service not available in the region.

Corning Hospital Redevelopment - During the reporting period, both First Heritage Credit Union and Riedman Purcell celebrated the opening of their projects at the site. These two projects completed redevelopment efforts which attracted over \$40 million in new investment to the site. The Agency worked with ESD to close out the original ESD assistance that the Agency received for the site redevelopment.

Alstom - The Agency was successful in its submission of a \$3.6M EDA grant to support infrastructure development for Alstom's new shell plant.

Finger Lakes Community Health - Construction began in 2021 on this project in the Steuben County Industrial Park.

Clark Specialty - The Agency worked with Steuben County to secure an environmental easement from the DEC for the Babcock Ladder property allowing for transfer of the property from the Agency to Clark Specialty.

Factors Bearing on the Future of the Agency

This past year brought many challenges as the economy continued to deal with the impacts of the pandemic. Disruptions to the supply chain touched every business in the community, yet opportunities presented themselves.

During 2021, the Agency assisted with the expansion of the supply chain infrastructure to support continued growth in the transportation industry and attract new investment from overseas. The organization has also supported opportunities around logistics and transportation which are expected to drive new investments in communities along the interstate corridors next year. Expanded growth in distribution and the supporting infrastructure will add new jobs and repurpose existing sites and buildings.

In addition, growth in the renewable energy industry this past year has provided many of our rural communities and school districts with expanded tax bases and new revenue to reinvest. This comes at a time when many of these same towns work to recover from devastating flooding that occurred in 2021.

Companies like Compin expanded in the community to support continued growth at Alstom while Amazon moved forward with establishing a last mile distribution center in Bath.

The Compin Investment is a direct result of continued growth at Alstom and the company's construction of a new car shell manufacturing facility in Hornell. The Agency worked with the company and the community to secure a federal EDA grant to support infrastructure needs from the project. Construction began in 2021 and will be completed in 2022 supporting additional job growth related to new contract opportunities at Alstom

In addition, the Agency committed resources to construct transportation infrastructure in Bath to support the Amazon expansion along with future business development opportunities along NYS Route 54 in the Town of Bath. Amazon's investment is expected to create both full and part time warehouse and delivery jobs.

Additional development in the Bath community occurred in 2021, as LP Building Solutions included the Agency's Industrial Park in their review of sites to support a \$24 million production facility. The company ultimately announced the Bath location as the company's choice to make this investment, sighting the availability of infrastructure and rail capacity as the primary reason for locating in Steuben County.

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Both the Amazon and LP projects have brought a renewed interest in Bath which is driving additional development in the community. One area of future focus of the Agency is the former Philips lighting facility. The Agency continues to work with Philips on its clean up and redevelopment efforts and expects the facility to be torn down in 2022 making way for future development opportunities.

Renewable energy also continued to be a major focus of the Agency throughout the year. During the year, work began on the Baron Wind project, and the Eight Point Wind and Canisteo Wind projects received its final state approvals last year, paving the way for construction in 2022. During 2021, the Agency also approved 4 solar projects which will also be constructed in 2022. Combined, the wind and solar development in Steuben County next year will represent \$1.2 billion in investment which will generate over 1,000 MgW of renewable energy, enough to power 160,000 homes.

The County continues to invest into infrastructure development. After nearly 10 years, work is slated to begin in 2022 on the Hammondsport sewer project. In addition, an analysis is underway to expand water and sewer in the Town of Bath around Lake Salubria. This investment will not only help improve water quality in the impacted area, but it will open up additional development opportunities in the Bath community.

The newly announced investments in 2021 are in addition to continued economic growth of existing businesses. In total, current Agency projects in 2021 generated over \$10.5 million in revenue to local taxing entities through the PILOT income collected and impacted 6,786 jobs.

Companies such as HP Hood, Instant Brands, Gunlocke, Upstate Niagara and others continued to add jobs as the economy expands post pandemic resulting in added pressure on an already strained labor market. Partner resources are already driving efforts on talent attraction and labor participation. In 2022, the Agency will be working with local and regional partners to re-establish the former I-86 Workforce Development Committee to focus on addressing our local workforce concerns post pandemic.

These efforts and investments are all occurring during a gubernatorial election year where New York will have a new Governor elected for the first time in over a decade. The policy and program change this election will likely bring are expected to drive local development focus, impacting future efforts of the organization.

The Agency anticipates the following in 2022:

- Continued investment in renewable energy throughout the County.
- Continued expansions of Alstom and the transit supply chain.
- Construction of a new manufacturing facility by LP Building Solutions.
- Redevelopment of the Philips building.
- Investments in transportation infrastructure to support Amazon's investment in Bath.
- Expansion of Wilkins RV.
- Site development.
- Workforce development investments.

Contacting the Agency's Financial Management

This financial report is written to provide citizens, investors and creditors with a general overview of the finances of the Agency and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Steuben County Industrial Development Agency
Mr. James Johnson, Executive Director
7234 Route 54 P.O. Box 393
Bath, New York, 14810
607-776-3316

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 2,662,563	\$ 794,492
Cash and cash equivalents - restricted	224,946	267,862
Certificates of deposit	604,924	1,409,153
Prepaid expenses	<u>8,258</u>	<u>-</u>
Total current assets	<u>3,500,691</u>	<u>2,471,507</u>
Noncurrent Assets		
Note receivable	-	157,871
Property and equipment - net	<u>1,589,176</u>	<u>1,630,710</u>
Total noncurrent assets	<u>1,589,176</u>	<u>1,788,581</u>
Total Assets	<u>5,089,867</u>	<u>4,260,088</u>
Deferred Outflows of Resources		
Deferred outflows of resources - pension	<u>216,258</u>	<u>182,229</u>
Current Liabilities		
Accounts payable	3,255	2,941
Accrued liabilities	<u>3,060</u>	<u>1,983</u>
Total current liabilities	<u>6,315</u>	<u>4,924</u>
Noncurrent Liabilities		
Net pension liability - ERS	<u>930</u>	<u>243,481</u>
Total Liabilities	<u>7,245</u>	<u>248,405</u>
Deferred Inflows of Resources		
Deferred inflows of resources - pension	276,330	12,573
Deferred inflows of resources - contract advances	<u>100,000</u>	<u>-</u>
Total deferred inflows of resources	<u>376,330</u>	<u>12,573</u>
Net Position		
Net investment in capital assets	1,589,176	1,630,710
Restricted net position - Millennium	224,946	267,862
Unrestricted	<u>3,108,428</u>	<u>2,282,767</u>
Total net position	<u>\$ 4,922,550</u>	<u>\$ 4,181,339</u>

The accompanying notes are an integral part of these financial statements.

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Administrative income	\$ 1,364,615	\$ 517,550
Business development support	75,000	75,000
Lease income	3,774	7,288
Miscellaneous income	<u>6,304</u>	<u>6,648</u>
Total operating revenues	<u>1,449,693</u>	<u>606,486</u>
Operating Expenses		
Amortization	-	10,000
Conferences	3,486	2,648
Contract expense	7,595	6,250
Depreciation	53,234	52,474
Insurance	54,874	69,738
Loan forgiveness - CDBG	133,343	-
Maintenance	6,929	9,241
Office expense	54,149	54,229
Pension expense	18,255	77,616
Professional fees	10,014	22,384
Program expense	14,195	8,989
REDEC Steuben County Emergency Relief Program	-	250,000
Salaries and wages	345,137	356,844
Travel and entertainment	779	77
Utilities and telephone	6,701	7,136
Vehicle	<u>11,984</u>	<u>19,747</u>
Total operating expenses	<u>720,675</u>	<u>947,373</u>
Operating Income (Loss)	729,018	(340,887)
Non-Operating Income		
Interest income	12,193	7,350
Gain on sale of assets	<u>-</u>	<u>9,358</u>
Total non-operating income	<u>12,193</u>	<u>16,708</u>
Change in Net Position	741,211	(324,179)
Net Position - Beginning	<u>4,181,339</u>	<u>4,505,518</u>
Net Position - Ending	<u>\$ 4,922,550</u>	<u>\$ 4,181,339</u>

The accompanying notes are an integral part of these financial statements.

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Cash received from operating revenues	\$ 1,607,564	\$ 606,486
Cash paid for operating expenses	(687,131)	(843,376)
Cash received from grants	<u>100,000</u>	<u>-</u>
Net cash flows from operating activities	<u>1,020,433</u>	<u>(236,890)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from sale of fixed assets	-	40,737
Purchases of fixed assets	(11,700)	-
Repayment of capital lease principal	<u>-</u>	<u>(23,225)</u>
Net cash flows from capital and related financing activities	<u>(11,700)</u>	<u>17,512</u>
Cash Flows from Investing Activities		
Interest income	12,193	6,611
Purchase of certificates of deposit	(604,924)	(1,312,629)
Redemption of certificates of deposit	<u>1,409,153</u>	<u>1,076,730</u>
Net cash flows from investing activities	<u>816,422</u>	<u>(229,288)</u>
Net Change in Cash and Cash Equivalents	1,825,155	(448,666)
Cash and Cash Equivalents - Beginning	<u>1,062,354</u>	<u>1,511,020</u>
Cash and Cash Equivalents - Ending	<u>\$ 2,887,509</u>	<u>\$ 1,062,354</u>
Cash and cash equivalents - unrestricted	\$ 2,662,563	\$ 794,492
Cash and cash equivalents - restricted	<u>224,946</u>	<u>267,862</u>
Cash and Cash Equivalents - Ending	<u>\$ 2,887,509</u>	<u>\$ 1,062,354</u>
Reconciliation of Change in Net Position to Net Cash Flows from Operating Activities		
Change in net position from operations	\$ 729,018	\$ (340,887)
Adjustments		
Depreciation and amortization	53,234	62,474
Changes in assets and liabilities		
Deferred outflows of resources - pension	(34,029)	(119,912)
Note receivable	157,871	-
Accounts payable	314	(747)
Prepaid expenses	(8,258)	-
Accrued liabilities	1,077	464
Deferred inflows of resources - pension	263,757	(18,991)
Deferred inflows of resources - contract advances	100,000	-
Net pension liability - ERS	<u>(242,551)</u>	<u>180,709</u>
Net cash flow from operating activities	<u>\$ 1,020,433</u>	<u>\$ (236,890)</u>

The accompanying notes are an integral part of these financial statements.

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization and Purpose - The Steuben County Industrial Development Agency (the Agency) has been established to aid Steuben County in promoting the economic welfare of its citizens and to actively promote, attract, encourage, and develop economically sound commerce and industry by enhancing job opportunities through assistance in constructing, maintaining and equipping industrial, commercial, manufacturing, and research facilities. The Agency is designed to function as a prime community resource.

Steuben County Industrial Development Agency is a public benefit corporation under Title I Article 18-A of New York Municipal Law for the purpose of encouraging financially sound companies to locate and expand in the County of Steuben, New York. The Agency is exempt from Federal income taxes and New York State franchise taxes.

The Agency is a discretely presented component unit of the County of Steuben, New York.

The Agency assists in the financing of projects through the sale of industrial revenue bonds. Under Section 103(c)(6) of the Internal Revenue Code (IRC), the interest on such bonds (up to a specific amount) issued by a political subdivision of a state is exempt from federal income taxes, subject to the limitations of the IRC.

The Agency exercises its mandated power and lawful authority to cause bonds to be issued, to have proceeds used to construct and equip facilities, to mortgage such facilities as security, and lease such facilities for rentals sufficient to repay bond proceeds and the related interest. The bonds are special obligations of the Agency payable solely from the revenues and receipts derived from the leasing or sale of the underlying facility, or from enforcement of any security provided by the mortgage and assignment. In effect, while the Agency serves as a vital conduit in arranging for the financing of construction and is the apparent owner of record, as a practical matter, bondholders look to the facility and to the owners of the beneficial interest therein for ultimate satisfaction of their debt. The agreements recite that neither the members of the Agency, nor any person executing the bonds is personally liable. It is contemplated that the beneficial owners of the facility will acquire the facility for a nominal consideration upon termination of the lease term and the repayment of the bond issued.

Because of the economic interest described above, the bond liabilities and the related assets consisting of underlying properties are not reflected in the financial statements of the Agency.

Basis of Accounting - The Agency complies with the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement codifies all sources of accounting principles generally accepted in the United States of America into the GASB's authoritative literature. The accounts of the Agency are maintained on the accrual basis of accounting. Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is on the determination of operating income, financial position, changes in net position and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel and depreciation.

Future Changes in Accounting Standards

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

Statement No. 87 - *Leases*. Effective for fiscal years beginning after June 15, 2021.

Statement No. 91 - *Conduit Debt Obligations*. Effective for fiscal years beginning after December 15, 2021.

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Statement No. 92 - *Omnibus 2020*. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - *Replacement of Interbank Offered Rates*. Effective for fiscal years beginning June 15, 2021.

Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Effective for fiscal years beginning June 15, 2022.

Statement No. 96 - *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning June 1, 2022.

Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Effective for fiscal years beginning after June 15, 2021.

Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Basis of Presentation - The Agency complies with the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements provide guidance on presenting deferred outflows, deferred inflows and net position. Net position represent assets and deferred outflows of resources less liabilities and deferred inflows of resources. GASB requires the classification of net position into three classifications defined as follows:

Net investment in capital assets - This component of net position consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position - This component of net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by grant agreements with external organizations. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. At December 31, 2021 and 2020, the Agency had \$224,946 and \$267,862 in restricted net position. See Note 6 for further detail on restricted net position.

Unrestricted net position - This component of net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the Agency.

Cash and Cash Equivalents - For the purposes of the statements of financial position and statements of cash flows, cash and cash equivalents include deposits with original maturities of three months or less. The Agency maintains cash and cash equivalents which periodically may exceed federally insured limits.

Cash and Cash Equivalents - Restricted - This account is used to record cash transactions relating to the restricted net position described further in Note 6.

Certificates of Deposit - The Agency invests cash in excess of immediate needs in certificates of deposits with high credit quality financial institutions. Non-negotiable certificates of deposit are valued at cost plus accrued interest, which approximates fair value due to the short-term nature of these investments. Interest income, which approximate change in the fair value of the certificates of deposit, is recorded in the statements of revenues, expenses, and changes in net position.

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Property and Equipment - Property and equipment acquired by the Agency are stated at cost (or estimated historical cost) including interest capitalized during construction where applicable. Contributed assets are recorded at fair market value at the date received. Assets purchased or acquired with a cost of \$1,000 or greater and a useful life exceeding one year are capitalized. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets. Depreciation is computed over the following periods:

Machinery and equipment	5 - 7 Years
Buildings, building improvements, and railroads	15 - 31.5 Years

Accounting and Financial Reporting for Pensions - The Agency complies with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the Statements requires the Agency to report as a liability its portion of the collective pension liability in the New York State and Local Employees' Retirement System. The implementation of the Statements also requires the Agency to report a deferred outflow and/or inflow for the effect of the net change in the Agency's proportion of the collective net pension liability and difference during the measurement period between the Agency's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow is the Agency contributions to the pension system subsequent to the measurement date. See Note 7.

Deferred Outflows and Inflows of Resources - In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Agency reports deferred outflows of resources related to the pension plan in the statement of net position. The types of deferred outflows of resources related to the pension plan are described in Note 7.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Agency reports deferred inflows of resources related to the pension plan which is described in Note 7.

During 2021, the Agency received \$100,000 in funding from the County of Steuben from the American Rescue Plan Act. These funds have not been spent by the Agency as of December 31, 2021 and are therefore recorded as deferred inflows of resources - contract advances on the statement of net position.

Note 2. Note Receivable

In September 2018, the Agency entered into an agreement with Corelle Brands to provide \$157,871 in assistance to support investments into the company and the creation of 25 jobs. The funding was established as a no principal or interest loan that would be forgivable if the company met its benchmarks within a three year period. The Agency monitored this agreement annually and because of several business factors including the impacts of COVID the company did not meet its obligation. In September 2021, the contract with the company was amended and a final payment of \$24,528 was made. The remainder of the loan was forgiven by the Agency and is recorded as \$133,343 in loan forgiveness on the statement of revenues, expenses and changes in net position as of December 31, 2021.

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 3. Industrial Revenue Bond 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 lease payments. The bonds and notes are not obligations of the Agency or the State. The Agency does not record assets or liabilities resulting from completed bond and note issues in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders. The funds arising from these transactions 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 the bonds and notes.

Note 4. Deposits and Investments

The Agency's investment policies are governed by state law. Collateral is required for demand deposits, certificates of deposit, and repurchase agreements not covered by federal deposit insurance. Obligations which may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The Agency has a formal investment policy which is in compliance with the laws of the State of New York, Chapter 838, Title 7, Section 2925. The Agency is permitted to invest funds in the following types of investments: special time deposit accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by agencies of the United States of America where payment of principal and interest are guaranteed by the United States of America and obligations of the State of New York. All deposits of the Agency are public funds and shall have a pledge of collateral by the bank or trust company in which the funds are deposited. The Agency may contract for the purchase of investments through the following: directly, including through a repurchase agreement, from an authorized trading partner, by participation in a cooperative investment program with another authorized governmental entity or by utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board. It is the policy of the Agency to diversify its deposits and investments by financial institution, by investment instrument and by maturity scheduling. The Agency maintains a listing of financial institutions and dealers approved for investment purposes. The Agency also establishes appropriate limits to the amount of investments which can be made with each financial institution or dealer. The Agency maintains proper books and records supporting all investment and deposit accounts held by the Agency.

The amounts on deposit in banking institutions and the related collateral as of December 31, 2021 are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand and savings deposits	\$ 2,887,509	\$ 2,827,986
Certificates of deposit	604,924	604,924
Total deposits	<u>\$ 3,492,433</u>	<u>\$ 3,432,910</u>
Covered by FDIC insurance		\$ 1,717,747
Pledged collateral		1,715,163
Total deposits		<u>\$ 3,432,910</u>

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Certificates of Deposit

Non-negotiable certificates of deposit consisted of the following as of December 31, 2021:

<u>Fund</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Final Maturity Date</u>
Five Star Bank	\$ 97,662	0.15%	12 month	7/21/2022
Five Star Bank	<u>507,262</u>	0.19%	12 month	7/14/2022
Total	<u>\$ 604,924</u>			

The certificates are subject to fixed interest rates ranging from .15% to .19% and have original maturities of 12 months, with penalties for early withdrawal. Any penalties would not have a material effect on the financial statements.

Note 5. Property and Equipment

Property and equipment consists of the following at December 31, 2021:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land	\$ 958,322	\$ -	\$ -	\$ 958,322
Machinery and equipment	44,807	11,700	-	56,507
Vehicles	-	-	-	-
Buildings, building improvements, and railroads	<u>1,467,717</u>	<u>-</u>	<u>-</u>	<u>1,467,717</u>
Sub-total	2,470,846	11,700	-	2,482,546
Less, accumulated depreciation	<u>(840,136)</u>	<u>(53,234)</u>	<u>-</u>	<u>(893,370)</u>
Property and equipment - net	<u>\$ 1,630,710</u>	<u>\$ (41,534)</u>	<u>\$ -</u>	<u>\$ 1,589,176</u>

Depreciation expense amounted to \$53,234 and \$52,474 for the years ended December 31, 2021 and 2020, respectively.

Note 6. Restricted Assets

Millennium - On December 4, 2008, Millennium Pipeline Company, L.L.C. agreed to contribute \$1,080,000, payable over a ten year period in annual installments, not to exceed \$108,000 per year to the Agency. The last payment was received by the Agency during the year ended December 31, 2018. The funds will continue to be used in Steuben County for economic development. The balance in the restricted net position of this commitment as of December 31, 2021 and 2020 was \$224,946 and \$267,862, respectively.

In April 2020, the Agency's Board of Directors approved a one time investment of \$250,000 from the Millennium restricted funds to REDEC to support the REDEC Steuben County Emergency Relief Fund to provide access to capital for local businesses impacted by the COVID pandemic.

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 7. Employee Benefit Plan

Plan Description and Funding Policy

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

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2021	\$	31,078
2020	\$	35,810
2019	\$	33,126

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in reports provided to the Agency. At December 31, 2021 and 2020, the Agency reported the following liability for its proportionate share of the net pension liability for the System, which was measured as of March 31, 2021 and March 31, 2020, respectively:

	<u>2021</u>	<u>2020</u>
Actuarial valuation date	4/1/2020	4/1/2019
Net pension liability	\$ 930	\$ 243,481
Agency's portion of the Plan's total net pension liability	0.0009337 %	0.0009195 %

At December 31, 2021, the Agency's proportion was 0.0009337%, which was an increase of 0.0000142% from its proportion measured as of December 31, 2020.

For the years ended December 31, 2021 and 2020, the Agency's recognized pension expense for ERS of \$18,255 and \$77,616, respectively. At December 31, 2021 and 2020, the Agency's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>2021</u>		
Differences between expected and actual experience	\$ 11,354	\$ -
Changes of assumptions	170,946	3,224
Net difference between projected and actual investment earnings on pension plan investments	-	267,071
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,880	6,035
Employer contributions subsequent to the measurement date	<u>31,078</u>	<u>-</u>
Total	<u>\$ 216,258</u>	<u>\$ 276,330</u>
<u>2020</u>		
Differences between expected and actual experience	\$ 14,330	\$ -
Changes in assumptions	4,903	4,233
Net difference between projected and actual investment earnings on pension plan investments	124,820	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,366	8,340
Employer contributions subsequent to the measurement date	<u>35,810</u>	<u>-</u>
Total	<u>\$ 182,229</u>	<u>\$ 12,573</u>

Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended December 31, 2021 and 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the fiscal year ended:	
2022	\$ (17,888)
2023	(6,665)
2024	(14,951)
2025	<u>(51,646)</u>
Total	<u>\$ (91,150)</u>

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. Significant actuarial assumptions used in the valuations were as follows:

Measurement dates	3/31/2021, 3/31/2020
Actuarial valuation dates	4/1/2020, 4/1/2019
Interest rate	5.9%, 6.8%, compounded annually
Salary scale	4.4%, 4.2%, indexed by service
Inflation	2.7%, 2.5%
Decrement table	Developed from the Plan's 2015 experience study of the period April 1, 2010 - March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2020

The actuarial valuation as of April 01, 2020 used the actuarial assumption of annuitant mortality rates based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. The previous actuarial valuation as of April 01, 2019 used the actuarial assumption of annuitant mortality rates based on April 1, 2010 - March 31, 2015 System's

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

experience with adjustments for mortality improvements based on MP-2018.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation for both of the years ended December 31, 2021 and 2020 are summarized below:

Asset Type	Long Term	
	Expected Real Rate*	
	2021	2020
Domestic equity	4.0 %	4.0 %
International equity	6.3	6.2
Private equity	6.8	6.8
Real estate	5.0	5.0
Opportunistic/absolute return strategies	4.5	3.3
Credit	3.6	-
Real assets	6.0	6.0
Fixed income	-	-
Cash	0.5	-
Inflation-indexed bonds	-	0.5
Bonds and mortgages	-	0.8

*Real rates of return are net of a long-term inflation assumption of 2.0% and 2.5% for the years ended December 31, 2021 and 2020, respectively.

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% and 6.8% for the years ended December 31, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Assumption

The following presents the Agency's proportionate share of the net pension liability (asset) as of December 31, 2021 and 2020, calculated using the discount rate of 5.9% and 6.8% per annum (the "current rate"), as well as what the Agency's proportionate share of the net position liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% and 5.8%) or 1% point higher (6.9% and 7.8%) than the current rate:

	1% Decrease (4.9% and 5.8%)	Current Assumption (5.9% and 6.8%)	1% Increase (6.9% and 7.8%)
2021	\$ 258,055	\$ 930	\$ (236,200)
2020	\$ 446,856	\$ 243,481	\$ 56,171

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of valuation date was as follows:

	<u>2021</u>	<u>2020</u>
Valuation date	4/1/2020	4/1/2019
Employers' total pension liability	\$ 220,680,157,000	\$ 194,596,261,000
Plan net position	<u>(220,580,583,000)</u>	<u>(168,115,682,000)</u>
Employers' net pension liability	<u>\$ 99,574,000</u>	<u>\$ 26,480,579,000</u>
Ratio of plan net position to the employers' total pension liability	99.95 %	86.39 %

Note 8. Related Party Transactions

The Agency is related through common Board of Directors membership with the Steuben Area Economic Development Corporation (EDC), which also promotes economic development in the County.

Note 9. Railroad Agreement

During the year ended December 31, 2011, the Agency entered into an agreement with a railroad company that allows the company the use of rail facilities and equipment owned by the Agency in order for the company to operate, maintain, and conduct freight and other rail services in Steuben County. The terms of the agreement call for an annual fee of \$1, plus additional revenue sharing amounts once carload traffic reaches certain thresholds. The agreement was renewed in 2020 and expires in November 2031, with the option to renew for an additional term of 10 years.

Note 10. Reclassifications

Certain reclassifications have been made to the financial statements for the year ended December 31, 2020. These reclassifications are for comparative purposes only and have no effect on net position as originally reported.

STEUBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Agency's Proportionate Share of the Net Pension Liability
For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The Agency's proportion of the net pension liability	0.0009337 %	0.0009195 %	0.0008859 %	0.0008698 %	0.0008838 %	0.0008623 %	0.0008751 %	0.0008751 %
The Agency's proportionate share of the net pension liability	\$ 930	\$ 243,481	\$ 62,772	\$ 28,073	\$ 83,042	\$ 138,408	\$ 29,561	\$ 39,543
The Agency's covered employee payroll	\$ 345,137	\$ 356,844	\$ 331,228	\$ 311,056	\$ 263,883	\$ 256,977	\$ 227,864	\$ 234,902
The Agency's proportionate share of the net pension liability as a percentage of covered employee payroll	0.27 %	68.23 %	18.95 %	9.03 %	31.47 %	53.86 %	12.97 %	16.83 %
Plan fiduciary net position as a percentage of the total pension liability	99.95 %	86.39 %	96.30 %	98.20 %	94.70 %	90.70 %	97.20 %	97.20 %

See accompanying notes to required supplementary information

STEUBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Agency's Pension Contributions
For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 31,078	\$ 35,810	\$ 33,126	\$ 30,684	\$ 44,609	\$ 47,907	\$ 27,019	\$ 39,542	\$ 29,355	\$ 24,882
Contribution in relation to the contractually required contribution	<u>31,078</u>	<u>35,810</u>	<u>33,126</u>	<u>30,684</u>	<u>44,609</u>	<u>47,907</u>	<u>27,019</u>	<u>39,542</u>	<u>29,355</u>	<u>24,882</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ <u>345,137</u>	\$ <u>356,844</u>	\$ <u>331,228</u>	\$ <u>311,056</u>	\$ <u>263,883</u>	\$ <u>256,977</u>	\$ <u>227,864</u>	\$ <u>234,902</u>	\$ <u>225,983</u>	\$ <u>183,648</u>
Contribution as a percentage of covered employee payroll	9.00 %	10.04 %	10.00 %	9.86 %	16.90 %	18.64 %	11.86 %	16.83 %	12.99 %	13.55 %

See accompanying notes to required supplementary information

STEBEN COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Required Supplementary Information
For The Year Ended December 31, 2021

Note 1. Schedule of Agency's Proportionate Share of the Net Pension Liability and Schedule of Agency's Pension Contributions

The information presented in these required supplementary schedules was determined as part of the audit of the New York State Employees' Retirement System Plan. Additional information for the pension schedules can be found in the notes to the financial statements.

The Schedule of Agency's Proportionate Share of the Net Pension Liability is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

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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
Steuben County Industrial Development Agency
Bath, 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 Steuben County Industrial Development Agency as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Steuben County Industrial Development Agency's basic financial statements, and have issued our report thereon dated March 25, 2021.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Steuben 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 Steuben County Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Steuben 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 Steuben 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 result of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC
Rochester, New York
March 25, 2021

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**STEUBEN AREA ECONOMIC
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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STEUBEN AREA ECONOMIC DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Steuben Area Economic Development Corporation
Bath, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Steuben Area Economic Development Corporation (a nonprofit local development corporation), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Steuben Area Economic Development Corporation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years 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 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 the Steuben Area Economic Development Corporation 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Steuben Area Economic Development Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

In accordance with *Government Auditing Standards*, we have also issued our report dated **March 25, 2021**, on our consideration of Steuben Area Economic Development Corporation'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 Corporation'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 Steuben Area Economic Development Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC
Rochester, New York

March 25, 2021 – TO BE UPDATED UPON ISSUANCE

STEUBEN AREA ECONOMIC DEVELOPMENT CORPORATION
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 145,991	\$ 153,231
Certificate of deposit	98,433	98,340
Total current assets	<u>244,424</u>	<u>251,571</u>
Total Assets	<u>\$ 244,424</u>	<u>\$ 251,571</u>
LIABILITIES AND NET ASSETS		
Net Assets - Without Donor Restrictions	<u>\$ 244,424</u>	<u>\$ 251,571</u>
Total Liabilities and Net Assets	<u>\$ 244,424</u>	<u>\$ 251,571</u>

The accompanying notes are an integral part of these financial statements.

STEUBEN AREA ECONOMIC DEVELOPMENT CORPORATION
Statements of Activities
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Administrative income	\$ 25	\$ -
Interest income	93	319
Total revenues	118	319
Expenses		
Management and general:		
Accounting	1,950	1,850
Insurance expense	401	-
Marketing	-	3,000
Miscellaneous expense	1,000	1,250
Program expense	3,600	3,600
Website	314	250
Total expenses	7,265	9,950
Change in Net Assets Without Donor Restrictions	(7,147)	(9,631)
Net Assets Without Donor Restrictions - Beginning	251,571	261,202
Net Assets Without Donor Restrictions - Ending	\$ 244,424	\$ 251,571

The accompanying notes are an integral part of these financial statements.

STEUBEN AREA ECONOMIC DEVELOPMENT CORPORATION
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets without donor restrictions	\$ (7,147)	\$ (9,631)
Cash Flows from Investing Activities		
Interest income	<u>(93)</u>	<u>(319)</u>
Net Change in Cash and Cash Equivalents	(7,240)	(9,950)
Cash and Cash Equivalents - Beginning	<u>153,231</u>	<u>163,181</u>
Cash and Cash Equivalents - Ending	<u>\$ 145,991</u>	<u>\$ 153,231</u>

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The accompanying notes are an integral part of these financial statements.

STEBEN AREA ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Nature of Organization

Nature of Organization - The Steuben Area Economic Development Corporation (the "Corporation") has been established to aid Steuben County in promoting the economic welfare of its inhabitants and to actively promote, attract, encourage, and develop economically sound commerce and industry by enhancing job opportunities through assistance in constructing, maintaining and equipping industrial, commercial, manufacturing, and research facilities. The Corporation is designed to function as a prime community resource.

Basis of Accounting - The Corporation prepares its financial statements on the accrual basis of accounting.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Basis of Presentation - The Organization's financial statements are presented in accordance with the provisions of Accounting Standards Update (ASU) 2016-14, "Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities." As a result, the Organization reports information regarding its net assets and changes therein in the following categories: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Organization's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization or are required to be held in perpetuity. As of December 31, 2021 and 2020, all net assets are classified as without donor restriction.

Net Assets Without Donor Restriction - Net assets without donor restriction represent net assets that are not subject to donor imposed stipulations and are generally available for support of the Corporation's activities. The Board of Directors has discretionary control over these resources to carry out the operations of the Corporation in accordance with its by-laws.

Liquidity - The Corporation has \$244,424 of financial assets available within one year of the statement of financial position date consisting of \$145,991 of cash and \$98,433 of investments. None of these financial assets are subject to donor or contractual restricts that make them unavailable for general expenditures within one year of the statement of financial position date.

Cash and Cash Equivalents - For the purposes of the statements of financial position and cash flows, cash and cash equivalents include deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. The Corporation maintains cash and cash equivalents at financial institutions which periodically may exceed insured limits.

Certificate of Deposit - The Corporation invests cash in excess of immediate needs in certificates of deposits with high credit quality financial institutions. Non-negotiable certificates of deposit are valued at cost plus accrued interest, which approximates fair value due to the short-term nature of these investments. Interest income, which approximate change in the fair value of investments, are recorded in the statements of activities.

STEBEN AREA ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements

Revenue Recognition - Under ASU No. 2014-09 (Topic 606) – Revenue from contracts with customers (“ASU 2014-09” or “Topic 606”), revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for these goods or services.

Contributions - The Corporation’s financial statements are presented in accordance with the provisions of ASU 2018-08, “Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made”. ASU 2018-08 provides clarification for determining if grants and contracts should be considered contributions or exchange transactions, as well as guidance for determining if a contribution is conditional.

Expense Allocation - The costs of providing programs and other activities have been adequately detailed in the statement of activities. Allocations of management and general expenses among program and supporting services is not considered significant to the operations of the Corporation therefore, no such allocation has been provided.

Related Party - The Corporation is related through common employees and Board of Directors membership with the Steuben County Industrial Development Agency (IDA), which also promotes economic development in the County. The IDA contributes the services of certain employees to the Corporation. These contributed services were deemed immaterial for the years ended December 31, 2021 and 2020, and, accordingly, the value of such services were not recorded in the accompanying financial statements.

Income Taxes - The Corporation is a not-for-profit corporation and is exempt from income tax under New York State Article 14 as a local development corporation. Accordingly, no provision for taxes has been made.

In accordance with Accounting Standards Codification (ASC) 740-10-50, *Accounting for Uncertainty in Income Taxes*, the Corporation recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Corporation is currently operating in compliance with the applicable requirements of the Internal Revenue Code and therefore, no liability for unrecognized tax benefits has been included on the Corporation's financial statements.

Note 2. Deposits and Investments

The Corporation’s investment policies are governed by State law. Collateral is required for demand deposits, certificates of deposit, and repurchase agreements not covered by federal deposit insurance. Obligations which may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The Corporation has a formal investment policy which is in compliance with the laws of the State of New York, Chapter 838, Title 7, Section 2925. The Corporation is permitted to invest funds in the following types of investments: special time deposit accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by agencies of the United States of America where payment of principal and interest are guaranteed by the United States of America and obligations of the State of New York. All deposits of the Corporation are public funds and shall have a pledge of collateral by the bank or trust company in which the funds are deposited. The Corporation may contract for the purchase of investments in the following manners: directly, including through a repurchase agreement, from an authorized trading partner, by participation in a cooperative investment program with another authorized governmental entity or by utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board. It is the policy of the Corporation to diversify its deposits and investments by financial institution, by investment instrument and by maturity scheduling.

STEBEN AREA ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements

The Corporation maintains a listing of financial institutions and dealers approved for investment purposes. The Corporation also establishes appropriate limits to the amount of investments which can be made with each financial institution or dealer. The Corporation maintains proper books and records supporting all investment and deposit accounts held by the Corporation.

All deposits of the Corporation as of December 31, 2021 and 2020 were fully covered by FDIC insurance.

Investments - The Corporation has invested excess cash in a non-negotiable certificate of deposit with a local financial institution. The certificate is subject to a fixed interest rate of 0.15% with an original maturity of twelve months, with penalties for early withdrawal. Any penalties would not have a material effect on the financial statements.

Note 3. Bond Issues

The Corporation has entered into conduit financing arrangements where the primary function of the Corporation was to arrange financing through the issuance of Industrial Revenue Bonds between the companies identified below and the bond holders. As conduit financing arrangements, the assets and liabilities resulting from the transactions are not recorded in these financial statements.

Although not part of the accounting system, New York State statute requires disclosure of these bond issues. As of December 31, 2021 and 2020, there were outstanding bonds with an aggregate amount payable of \$14,137,690 and \$14,244,293, respectively.

Note 4. Functional Expenses

The costs of providing the programs and other activities have been summarized on a functional basis as follows:

	<u>2021</u>	<u>2020</u>
Program services	\$ -	\$ -
Management and general	7,265	9,950
Total expenses	<u>\$ 7,265</u>	<u>\$ 9,950</u>

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
Steuben Area Economic Development Corporation
Bath, 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 Steuben Area Economic Development Corporation (a nonprofit local development corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated **March 25, 2021**.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Steuben Area Economic Development Corporation'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 Steuben Area Economic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Steuben Area Economic Development Corporation'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 Steuben Area Economic Development Corporation'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC
Rochester, New York
March 25, 2021

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