Hamilton County
Industrial Development Agency

(A Component Unit of the County of Hamilton, New York)

Financial Statements

December 31, 2023 and 2022

Hamilton County
Industrial Development Agency

(A Component Unit of the County of Hamilton, New York)

Financial Statements

December 31, 2023 and 2022

CONTENTS

Hamilton County
Industrial Development Agency

(A Component Unit of the County of Hamilton, New York)

Statements of Net Position

	December 31, 2023	December 31, 2022
ASSETS		
Cash	$ 735,595	$ 639,732
Cash, restricted	99,210	90,853
Property held for development and resale	486	486
Loans receivable, net	319,296	433,364
Total assets	**$ 1,154,587**	**$ 1,164,435**
LIABILITIES AND NET POSITION		
LIABILITIES		
Unearned income	8,935	16,981
NET POSITION		
Restricted	99,210	90,853
Unrestricted	1,046,442	1,056,601
	1,145,652	1,147,454
Total liabilities and net position	**$ 1,154,587**	**$ 1,164,435**

See accompanying Notes to Financial Statements.

Hamilton County
Industrial Development Agency

(A Component Unit of the County of Hamilton, New York)

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31, 2023	2022
OPERATING REVENUES		
Program income, community development loans	$ 8,046	$ 7,285
Interest income, community development loans	6,361	9,859
Gain on sale of property held for development and resale	-	42,860
	14,407	60,004
OPERATING EXPENSES		
Insurance	564	564
Professional fees	14,810	5,000
Travel	975	166
Provision for uncollectible amounts	-	(55,393)
	16,349	(49,663)
Operating income (loss)	**(1,942)**	**109,667**
NONOPERATING REVENUES		
Interest and earnings	140	462
Change in net position	**(1,802)**	**110,129**
NET POSITION, *beginning of year*	1,147,454	1,037,325
NET POSITION, *end of year*	**$ 1,145,652**	**$ 1,147,454**

See accompanying Notes to Financial Statements.

Hamilton County
Industrial Development Agency

(A Component Unit of the County of Hamilton, New York)

Statements of Cash Flows

	Year Ended December 31, 2023	2022
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Principal and interest receipts, grant receipts	$ 120,429	$ 220,580
Cash received from sale of property held for development and resale	-	43,491
Payments to vendors	(16,349)	(5,730)
	104,080	**258,341**
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Interest income	**140**	**462**
Net increase in cash	**104,220**	**258,803**
CASH, ***beginning of year***	730,585	471,782
CASH, ***end of year***	**$ 834,805**	**$ 730,585**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ (1,942)	$ 109,667
Gain on sale of property held for development and resale	-	(42,860)
Provision for uncollectible amounts	-	(55,393)
Decrease in		
Loans receivable	114,068	210,721
Property held for development and resale	-	43,491
Decrease in		
Unearned income	(8,046)	(7,285)
	$ 104,080	**$ 258,341**

See accompanying Notes to Financial Statements.

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization and Purpose

The Hamilton County Industrial Development Agency (Agency), a component unit of the County of Hamilton, New York, is a public benefit corporation created in 1986 by the New York State Legislature pursuant to Article 18-A and Section 926-R of the General Municipal Law of the State of New York. The purpose of the Agency is to promote commerce and industry within the County of Hamilton (County) and to advance the general prosperity and economic welfare of the citizens of the County. The primary objective of the Agency is to encourage and assist entrepreneurial activity, business expansion, and job creation. The members of the Agency Board are appointed by the County Board of Supervisors. The Chairman is elected by members of the Agency Board.

b. Basis of Accounting and Financial Statement Presentation

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

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

- Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by related outstanding debt balances.
- Restricted Net Position consists of restricted assets related to the USDA loan program, and
- Unrestricted Net Position consists of assets and liabilities that do not meet the definitions of net investment in capital assets or restricted net position.

Revenues are recognized when earned, and expenses are recognized when incurred. The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues are determined based on the services provided by the Agency. Operating expenses include the costs associated with providing those services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

c. Estimates

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

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

d. Cash and Investments

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

Collateral is required for demand deposits and certificates of deposit not insured by the FDIC. Obligations that 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. Deposits are categorized as either: (1) insured by the FDIC; (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the Agency's name; or (3) uncollateralized.

The Agency's deposits were fully insured or collateralized for the years ended December 31, 2023 and 2022.

e. Loans Receivable, Net

Loans Made From Community Development Funds

The Agency has entered into various agreements with the County to act as the subrecipient of certain federal Rural Business Enterprise Grant (RBEG) Program Revolving Loan funds which the County receives from the United States Department of Agriculture (USDA) through the New York State Office of Rural Development. In general, the applicable federal funds and proceeds from repayment of loans initially made from the federal funds can be used to make grants or loans to eligible recipients for authorized purposes. Federal funds are used for eligible grant and loan programs.

The Agency accounts for federal fund transactions in accordance with the applicable federal and state program requirements. Receipt of the federal pass-through funds is recorded as federal aid revenue when all eligibility requirements have been met, and expenditures for loans or grants to eligible recipients are recorded as expenses. In accordance with federal requirements, repayment of loan proceeds is considered program income and must be accounted for and used for similar authorized purposes. Accordingly, loans made under the federal programs are also recorded as receivables from the loan recipients, with the principal amount offset by deferred revenues. Some loans were made at zero percent interest. Based on compliance with program requirements, portions of some of the outstanding loans may be forgiven. As program revenue is received from the loan repayments and recorded as revenue, the related loans receivable and deferred revenue accounts are also adjusted. If portions of the loans are forgiven, the related loans receivable and deferred revenue accounts are reduced.

Loans made from Agency funds are repayable in accordance with the individual loan agreements and generally provide for monthly repayments with terms of up to twenty years with interest ranging from 0% to 3%. These loans are generally collateralized by property of the loan recipients and are stated net of an allowance for estimated uncollectible amounts. The Agency records an allowance based on a review of outstanding loan balances and collection history. The allowance is reviewed annually.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

f. Property Held for Development and Resale

Property held for development and resale is recorded at the lower of cost or net realizable value. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas remediation, maintenance, and repair costs are expensed as incurred. When property held for development and resale is retired or otherwise disposed of, the appropriate accounts are relieved of costs, and any resultant gain or loss is credited or charged to the change in net position.

g. Subsequent Events

The Agency has evaluated subsequent events for potential recognition or disclosure through February 28, 2024, the date the financial statements were available to be issued.

Note 2 - Loans Receivable

A summary of loan receivable activity during 2023 and 2022 is as follows:

	Loans Receivable	Allowance for Uncollectible Amounts	Loans Receivable, Net
January 1, 2023	$ 469,684	$ (36,320)	$ 433,364
Principal repayments	(114,068)	-	(114,068)
December 31, 2023	$ 355,616	$ (36,320)	$ 319,296

	Loans Receivable	Allowance for Uncollectible Amounts	Loans Receivable, Net
January 1, 2022	$ 682,935	$ (94,243)	$ 588,692
Principal repayments	(210,721)	-	(210,721)
Write-off of loans forgiven	(2,530)	2,530	-
Provision for uncollectible amounts	-	55,393	55,393
December 31, 2022	$ 469,684	$ (36,320)	$ 433,364

Note 3 - Property Held for Development and Resale

Property held for development and resale consists principally of a development parcel.

Note 4 - Contingencies, Risks and Uncertainties

The USDA grants received by the Agency through the County are subject to audit by certain agencies of New York State and the United States Government. Such audits could result in disallowances and a request for return of funds. The Agency administration believes disallowances, if any, will be immaterial.

Note 5 - Civic Facility Revenue Bonds

During the year ended December 31, 1998, the Agency issued Series 1998A Civic Facility Revenues Bonds ("Revenue Bonds"), totaling $6,000,000. The Revenue Bonds issued by the Agency are secured by a loan agreement from an independent third-party organization that utilized the proceeds to construct a museum within the County. The repayment terms of the loan agreement match the repayment terms of the Revenue Bonds issued by the Agency. The Agency is obligated to maintain its tax-exempt status; however, the Revenue Bonds are considered conduit debt and therefore are not obligations of the Agency. As such, the Agency does not record the Revenue Bonds as liabilities and does not record the related assets that resulted from the construction of the museum. The Revenue Bonds bear interest at rates ranging from 5.125% to 5.250% and are due in November 2028. At December 31, 2023 and 2022, $1,730,000 and $2,025,000, respectively, were outstanding on the Revenue Bonds.

Note 6 - Accounting Standards Not Yet Implemented

The Agency has not yet implemented the following accounting pronouncements:

GASB Statement No. 99, *Omnibus 2022.* This statement addresses a variety of topics. The requirements of this statement related to the extension of the use of LIBOR, accounting for Supplement Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* were effective upon issuance of the statement in April 2022. The requirements of this statement related to leases, PPPs and SBITAs are effective for reporting periods beginning after June 15, 2022. The requirements of this statement related to financial guarantees and the classification of reporting of derivative instruments within the scope of GASB 53 are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections.* The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and change to or

Note 6 - Accounting Standards Not Yet Implemented - Continued

within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for: (1) each type of accounting changes and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This statement requires disclosures in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about quantitative effects of beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. For periods that are earlier than those included in the basic financial statements, information presented as required supplementary information and supplementary information should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, Compensated Absences. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is

Note 6 - Accounting Standards Not Yet Implemented - Continued

more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures.* The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

Management has not yet estimated the extent of the potential impact of these statements on the Agency's financial statements.

BST

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*

Chairman and Agency Board
Hamilton County Industrial Development Agency
Lake Pleasant, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the Hamilton County Industrial Development Agency (Agency), a component unit of the County of Hamilton, New York, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated February 28, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 was consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

BST + Co. CPAs, LLP

Latham, New York
February 28, 2024