



**Hamilton County  
Industrial Development Agency**

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

Financial Statements

December 31, 2022 and 2021

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Financial Statements

December 31, 2022 and 2021

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## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited 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 years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2022 and 2021, and the changes in its financial position 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 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.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

***Auditor's Responsibilities for the Audit of the Financial Statements - Continued***

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023, on our consideration of the 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.

BST+Co. CPAs, LLP

Latham, New York  
February 27, 2023



**Hamilton County  
Industrial Development Agency**

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

Statements of Net Position

	December 31,	
	2022	2021
<b>ASSETS</b>		
Cash	\$ 639,732	\$ 387,992
Cash, restricted	90,853	83,790
Property held for development and resale	486	1,117
Loans receivable, net	433,364	588,692
<b>Total assets</b>	<b><u>\$ 1,164,435</u></b>	<b><u>\$ 1,061,591</u></b>
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Unearned income	<u>16,981</u>	<u>24,266</u>
<b>NET POSITION</b>		
Restricted	90,853	83,790
Unrestricted	<u>1,056,601</u>	<u>953,535</u>
	<u>1,147,454</u>	<u>1,037,325</u>
<b>Total liabilities and net position</b>	<b><u>\$ 1,164,435</u></b>	<b><u>\$ 1,061,591</u></b>

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,	
	2022	2021
<b>OPERATING REVENUES</b>		
Program income, community development loans	\$ 7,285	\$ 13,365
Interest income, community development loans	9,859	15,817
Operating grants	-	20,000
Gain on sale of property held for development and resale	42,860	-
	60,004	49,182
<b>OPERATING EXPENSES</b>		
Insurance	564	569
Professional fees	5,000	3,750
Travel	166	-
Grant programs	-	20,493
Provision for uncollectible amounts	(55,393)	7,923
	(49,663)	32,735
<b>Operating income</b>	<b>109,667</b>	<b>16,447</b>
<b>NONOPERATING REVENUES</b>		
Interest and earnings	462	816
	110,129	17,263
<b>Change in net position</b>	<b>110,129</b>	<b>17,263</b>
<b>NET POSITION, beginning of year</b>	1,037,325	1,020,062
<b>NET POSITION, end of year</b>	<b>\$ 1,147,454</b>	<b>\$ 1,037,325</b>

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,	
	2022	2021
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Principal and interest receipts, grant receipts	\$ 220,580	\$ 138,214
Cash received from sale of property held for development and resale	43,491	-
Payments to vendors	(5,730)	(32,735)
	<b>258,341</b>	<b>105,479</b>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>		
Interest income	462	816
<b>Net increase in cash</b>	<b>258,803</b>	<b>106,295</b>
<b>CASH, beginning of year</b>	<b>471,782</b>	<b>365,487</b>
<b>CASH, end of year</b>	<b>\$ 730,585</b>	<b>\$ 471,782</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income	\$ 109,667	\$ 16,447
Gain on sale of property held for development and resale	(42,860)	-
Provision for uncollectible amounts	(55,393)	7,923
(Increase) decrease in		
Loans receivable	210,721	88,257
Property held for development and resale	43,491	-
Increase (decrease) in		
Unearned income	(7,285)	(7,148)
	<b>\$ 258,341</b>	<b>\$ 105,479</b>

See accompanying Notes to Financial Statements.

# Hamilton County Industrial Development Agency

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

Notes to Financial Statements  
December 31, 2022 and 2021

## 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.



# Hamilton County Industrial Development Agency

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

Notes to Financial Statements  
December 31, 2022 and 2021

## **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, 2022 and 2021.

### *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 (RBE) 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.

# Hamilton County Industrial Development Agency

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

Notes to Financial Statements  
December 31, 2022 and 2021

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

*e. Loans Receivable, Net - Continued*

*Loans made from Agency Funds, Net*

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.

*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. Adoption of New Accounting Standard*

Effective January 1, 2022, the Agency implemented the provisions of GASB Statement No. 91, *Conduit Debt Obligations*. The implementation of this GASB Statement did not have a material effect on the Agency's financial statements.

*h. Subsequent Events*

The Agency has evaluated subsequent events for potential recognition or disclosure through February 27, 2023, the date the financial statements were available to be issued.

## Note 2 - Loans Receivable

A summary of loan receivable activity during 2022 and 2021 is as follows:

	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	<u>\$ 469,684</u>	<u>\$ (36,320)</u>	<u>\$ 433,364</u>

# Hamilton County Industrial Development Agency

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

Notes to Financial Statements  
December 31, 2022 and 2021

**Note 2 - Loans Receivable - Continued**

	Loans Receivable	Allowance for Uncollectible Amounts	Loans Receivable, Net
January 1, 2021	\$ 771,192	\$ (86,320)	\$ 684,872
Principal repayments	(88,257)	-	(88,257)
Provision for uncollectible amounts	-	(7,923)	(7,923)
December 31, 2021	<u>\$ 682,935</u>	<u>\$ (94,243)</u>	<u>\$ 588,692</u>

**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, 2022 and 2021, \$2,025,000 and \$2,310,000, 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. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

# Hamilton County Industrial Development Agency

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

Notes to Financial Statements  
December 31, 2022 and 2021

## Note 6 - Accounting Standards Not Yet Implemented - Continued

As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a government or nongovernment entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of timing in an exchange or exchange-like transaction. Some PPP's meet the definition of a service concession arrangement (SCA), which GASB defines in this statement as a PPP in which: (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator to require to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting of subscription-based information technology arrangements (SBITA) including the definition of a SBITA, establishment of a right-to-use subscription asset and related liability, providing capitalization criteria, and requiring note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

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 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:

# Hamilton County Industrial Development Agency

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

Notes to Financial Statements  
December 31, 2022 and 2021

## Note 6 - Accounting Standards Not Yet Implemented - Continued

(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 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.

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