

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**

A Component Unit of the City of Amsterdam, New York

AMSTERDAM, NEW YORK

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AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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***PHILIP BECKETT CPA, P.C.***

132 East State Street Gloversville, New York 12078

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PHILIP BECKETT CPA, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board of Directors  
City of Amsterdam Industrial Development Agency  
Amsterdam, New York

**Report on the Financial Statements**

We have audited the accompanying financial statements of the City of Amsterdam Industrial Development Agency (a public benefit corporation), a component unit of the City of Amsterdam, New York, which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position, operating expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2021 and 2020, 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.

INDEPENDENT AUDITORS REPORT (continued)  
CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY

**Other Matters**

**Required Supplementary Information**


Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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 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 an opinion on the Agency's basic financial statements. The schedule of indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of indebtedness 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. Such 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 schedule of indebtedness 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 *Governmental Auditing Standards*, we have also issued our report dated September 15, 2021 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Philip Beckett CPA, P.C.

September 15, 2021

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
(A Component Unit of the City of Amsterdam, New York)

Management Discussion and Analysis  
June 30, 2021

**Introduction**

The following Management Discussion and Analysis (MD&A) provides an introduction and overview to the financial activities and performance of the City of Amsterdam Industrial Development Agency (Agency) for the year ended June 30, 2021, as mandated by Governmental Accounting Standards. This information should be reviewed in conjunction with the financial statements of the Agency.

The City of Amsterdam Industrial Development Agency (IDA or AIDA) is a public benefit corporation created by state legislation to promote economic development within the City of Amsterdam. The City of Amsterdam's Common Council appoints the board members of the agency, but the City exercises no oversight responsibility. The board members of the agency are involved in the management of the agency and accountability for fiscal matters.

The Agency's mission is to sustain and enhance the quality of life in the City of Amsterdam New York through the creation and retention of jobs utilizing professional economic development assistance to businesses interested in expanding or locating in Amsterdam, New York.

During the fiscal year of 2020-2021, the Agency continues to be committed to assisting the City of Amsterdam in its efforts to further economic development opportunity. The Agency continues to seek and market to companies who may be interested in expanding or moving to the city. The Agency is mindful of the need to assist companies wanting to relocate to the city. To that end, AIDA continues to offer assistance through loans, financial assistance and bonding opportunities.

**Overview of Financial Statements**

The Agency's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) promulgated by GASB. The Agency is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and depreciated over their useful lives. See the notes to the financial statements, for a summary of the Agency's significant accounting policies.

The *Statements of Net Position* present information on the Agency's assets and liabilities, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of the Agency's financial position.

The *Statements of Revenues, Expenses, and Changes in Net Position* presents information showing how the Agency's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in these statements for items that result in cash flows in future years.

The *Statements of Cash Flows* relate to the flows of cash and cash equivalents. Only transactions that affect the Agency's cash accounts are recorded in these statements. These statements provide an understanding of the differences between cash flows from operating, investing, and financing activities and operating income.

In addition to the financial statements and accompanying notes, this report also presents the *Supplemental Schedule of Indebtedness*.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
(A Component Unit of the City of Amsterdam, New York)

Management Discussion and Analysis  
June 30, 2021

**Financial Highlights**

A comparison of this year to the prior year financial information is as follows:

	<u>2020 – 2021</u>	<u>2019 - 2020</u>
<b>Assets</b>		
Current assets	\$ 885,689	\$ 912,262
Capital assets	2,229,093	2,055,856
Non-current assets	<u>24,957</u>	<u>32,756</u>
<b>Total Assets</b>	<b>3,139,739</b>	<b>3,000,874</b>
 <b>Liabilities</b>	 382,009	 472,673
 <b>Net Position</b>		
Net Investment in Capital Assets	1,768,380	1,595,145
Unrestricted	928,312	887,935
Restricted	<u>61,038</u>	<u>45,121</u>
<b>Total Net Position</b>	<b><u>\$ 2,757,730</u></b>	<b><u>\$ 2,528,201</u></b>

**Activities**

During fiscal year 2020-2021, the City of Amsterdam Industrial Development Agency (AIDA) continued to work with existing manufacturing and new businesses to expand financial aid in the form of federal and state program and grant assistance. It also continued its path to the stabilization of agency's income, the reduction of agency debt load, and the development of agency properties.

Initiatives to ensure Authority Budget Office (ABO) training, reporting, and transparency compliance continued. Further, the updated mission statement ratified two years ago and the new four-year strategic plan were adhered to in the agency's project development initiatives. The strategic objectives of the plan are stated as follows:

- [1.] Retain Existing Employment Opportunities through Outreach to Existing Businesses;
- [2.] Create New Employment Opportunities by Marketing Amsterdam to New Businesses;
- [3.] Promote Business Development through the Adaptive Re-Use of Existing Properties;
- [4.] Expand the Tax Base by Identifying and Planning New Business Site Locations;
- [5.] Strengthen AIDA through Effective Internal Organization and Committee Structure;
- [6.] Maximize AIDA's Effectiveness via City/County/MVREDC Coordination; and lastly,
- [7.] Improve Amsterdam's Quality of Life by Supporting the City's Comprehensive Plan, Waterfront Plan and other Planning Initiatives.

**Specific Activities**

- The Agency successfully submitted a \$190,000 project application to the Empire State Development Grant Funds (ESD) through the New York States Consolidated Funding Application (CFA) process on behalf of Whispering Pines Preschool in order to purchase and renovate the former Clara Bacon Elementary School and provide wrap around day care space, increased capacity for enrollment and the ability to add more programming opportunities.
- The Agency executed property lease renewals with industrial park tenants AGT Services and Breton Industries.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
(A Component Unit of the City of Amsterdam, New York)

Management Discussion and Analysis  
June 30, 2021

**Specific Activities (continued)**

- ~~The Agency executed and closed out a \$500,000 Grant Disbursement Agreement (GDA) A8782 Amsterdam Wrestling Hall of Fame for the rehabilitation and reconstruction of two adjacent buildings on Main Street for mixed-use purposes.~~
- The Agency executed a Mortgage Modification Agreement with KeyBank National Association for property located at 7 Sam Stratton Road in the industrial park.
- The Agency continued its work with Empire State Development Corporation on Regional Council Capital Fund - Capital Grant - Project #131,941/CFA#76533. This \$1,200,000 project will create fourteen full time jobs at the project location - a Microtel by Wyndham Hotel on Route 5S in the City of Amsterdam.

**Business Assistance**

The Agency utilizes three types of tax exemptions to stimulate private sector employment and business activity;

Property tax exemptions are available when the Agency holds title to real property. Land remains subject to local property taxes. These exemptions are subject to Payment in Lieu of Taxes (Pilot) agreements whereby the tenant is required to pay negotiated payments to the local taxing authorities.

Sales tax exemptions are available on eligible construction material costs for exempt projects of the Agency.

Exemptions on the State mortgage recording tax are available to qualified projects.

Additionally, the Agency can provide various forms of bond financing for a project. Financial institutions, insurance companies or private individuals purchase these bonds. By purchasing these bonds, the investor lends its funds to a business. The business commits to repay the principal and interest, if the bonds are taxable, to the investor. The business and investor negotiate all the terms and interest rate directly. There are no Agency or public funds involved in an IRA bond transaction.

During fiscal year 2019-2020, the agency established three standard ten-year PILOT Agreements and one thirty-year agreement:

[1] Whispering Pines (10-year PILOT) - Located at 40 Henrietta Blvd. This project occupies a former elementary school building and serves 200 preschool children including children with special needs, toddlers receiving early intervention, and universal pre-kindergarten for 3- and 4-year-olds. It will retain four licensed professional staff members, 43 classroom assistants and six administrative assistants.

[2] Sticker Mule (10-year PILOT) - 61 Edson St. and 26 Elk St combined. The project includes 16 to 26 new permanent jobs over a 10-year period at the Edson Street property and 18 to 30 new permanent jobs over the same period at the Elk Street property,

[3] SAHR's Foods (10-year PILOT) - Located in the city's industrial park, this food distribution operation will create five permanent full-time jobs.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
(A Component Unit of the City of Amsterdam, New York)

Management Discussion and Analysis  
June 30, 2021

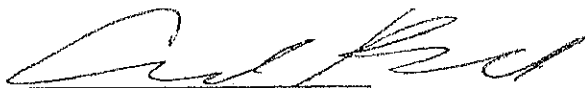
Business Assistance (continued)

[4] DePaul Supportive Housing Redevelopment (30-year PILOT) - DePaul Properties, Inc. and its service affiliate, DePaul Community Services, Inc. (collectively, "DePaul") will bring affordable housing with supportive services to the City of Amsterdam. DePaul proposes to redevelop an approximate 1.77-acre assemblage of land and existing improvements on East Main Street between John and Lark Streets in downtown Amsterdam into 62 units of new affordable housing. The single building will offer a mix of studio, one and two-bedroom units. Supportive services funded by the Empire State Supportive Housing Initiative will be available for 31 low-income individuals. The units will target households at or below 60% AMI, as well as qualified households earning at or below 30% AMI. Four permanent full-time jobs are associated with the project as are seventy-five temporary construction jobs.

Finances

During fiscal year 2020-2021 the Agency:

- Reviewed and renegotiated its leases to be in compliance with financial reporting requirements.
- Reviewed its insurance coverage and found it to be current.
- Reviewed its loan program and is seeking additional funding for this activity.
- Reviewed its operations and finances for further operational and monetary improvements.



Amanda Bearcroft  
Chief Executive Officer



**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**

(a Component Unit of the City of Amsterdam, N.Y.)

Statements of Net Position

As of June 30, 2021

<b>- ASSETS -</b>		<b>As of June 30,</b>	
	<u>2021</u>		<u>2020</u>
<b>CURRENT ASSETS</b>			
Cash balances - unrestricted	\$ 795,999	\$	841,746
Cash balances - restricted	61,038		45,121
Total cash balances	\$ 857,037	\$	886,867
Accounts receivable	7,140		0
Notes receivable	10,968		16,321
Prepaid expenses	10,544		9,074
<b>TOTAL CURRENT ASSETS</b>	\$ 885,689	\$	912,262
<b>CAPITAL ASSETS</b>			
Land and improvements	\$ 1,030,002	\$	727,127
Buildings and improvements	3,530,172		3,530,172
Office equipment	13,211		13,211
TOTALS	4,573,385		4,270,510
Less accumulated depreciation	(2,344,292)		(2,214,654)
<b>NET PROPERTY AND EQUIPMENT</b>	2,229,093		2,055,856
<b>NON-CURRENT ASSETS</b>			
Non-current portion notes receivable	24,957		32,756
<b>TOTAL ASSETS</b>	\$ 3,139,739	\$	3,000,874
<b>- LIABILITIES AND NET POSITION -</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 4,070	\$	1,775
Accrued compensated absences	5,635		3,185
Current portion debt	99,012		94,064
Security deposits	5,993		7,000
<b>TOTAL CURRENT LIABILITIES</b>	\$ 114,710	\$	106,024
<b>LONG-TERM LIABILITIES</b>			
Bond payable	267,299		366,649
<b>TOTAL LIABILITIES</b>	\$ 382,009	\$	472,673
<b>NET POSITION</b>			
Net investment in capital assets	\$ 1,768,380	\$	1,595,145
Restricted - cash	61,038		45,121
Unrestricted	928,312		887,935
<b>NET POSITION</b>	2,757,730		2,528,201
<b>TOTAL LIABILITIES AND NET POSITION</b>	\$ 3,139,739	\$	3,000,874

See accompanying footnotes.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
(a Component Unit of the City of Amsterdam, N.Y.)

Statements of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2021

	<u>Years Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES:</b>		
Service fee income	\$ 215,525	\$ 241,121
Grant income	600,000	500,566
Rental and lease income	433,076	281,968
<b>TOTAL OPERATING REVENUES</b>	<u>\$ 1,248,601</u>	<u>\$ 1,023,655</u>
<b>OPERATING EXPENSES (page 9)</b>	<u>1,115,649</u>	<u>970,925</u>
<b>NET OPERATING (LOSS)</b>	<u>\$ 132,952</u>	<u>\$ 52,730</u>
<b>NON-OPERATING INCOME (EXPENSE)</b>		
Investment income	\$ 96,577	\$ 92,812
<b>TOTAL NON-OPERATING INCOME</b>	<u>\$ 96,577</u>	<u>\$ 92,812</u>
<b>NET INCREASE IN NET POSITION FOR THE YEAR</b>	<u>\$ 229,529</u>	<u>\$ 145,542</u>

**STATEMENTS OF CHANGES IN NET POSITION**

Net position at the beginning of the year	\$ 2,528,201	\$ 2,382,659
Net increase for the year	<u>229,529</u>	<u>145,542</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 2,757,730</u>	<u>\$ 2,528,201</u>

See accompanying footnotes.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
(a Component Unit of the City of Amsterdam, N.Y.)

Statements of Operating Expenses  
For the Year Ended June 30, 2021

<u>Statements of Operating Expenses</u>	Years Ended June 30,	
	<u>2021</u>	<u>2020</u>
Salaries and wages	\$ 43,786	\$ 41,412
Payroll taxes and fringes	4,157	3,516
Management consulting services	30,004	52,008
Repairs and maintenance	4,140	5,726
Utilities	8,280	3,924
Legal and professional fees	41,415	44,095
Payroll and bank fees	2,129	2,755
Insurance	11,248	11,660
General office	3,254	1,798
Bad debts	0	(147)
Subscriptions	423	180
Pilots	231,539	172,968
Water and sewer	0	553
Consulting services	5,636	13
Grant expenses	600,000	500,000
Depreciation expense	129,638	130,464
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,115,649</b>	<b>\$ 970,925</b>

See accompanying footnotes.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**

(a Component Unit of the City of Amsterdam, N.Y.)

Statements of Cash Flows  
For the year ended June 30, 2021  
(Unaudited)

	Years ended	
	<u>Jun. 30, 2021</u>	<u>Jun. 30, 2020</u>
<b>Cash flows from operating activities:</b>		
Net increase in net position	\$ 229,529	\$ 145,542
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	\$ 129,638	\$ 130,464
Accounts receivable	(7,140)	0
Prepaid expenses	(1,470)	771
Deferred revenue	(1,007)	0
Accounts payable and accrued expenses	4,745	(5,291)
Total adjustments	\$ 124,766	\$ 125,944
<b>Net cash from operating activities</b>	<b>\$ 354,295</b>	<b>\$ 271,486</b>
<b>Cash flows from (used in) investing activities:</b>		
Capital expenditures	\$ (302,875)	\$ 2
<b>Net cash from (used in) investing activities</b>	<b>(302,875)</b>	<b>2</b>
<b>Cash flows from (used in) financing activities:</b>		
Notes receivable	\$ 13,152	\$ 16,957
Payments on term debt	(94,402)	(82,864)
<b>Net cash (used in) financing activities</b>	<b>(81,250)</b>	<b>(65,907)</b>
<b>Net increase in cash</b>	<b>\$ (29,830)</b>	<b>\$ 205,581</b>
<b>Cash at the beginning of the year</b>	<b>886,867</b>	<b>681,286</b>
<b>Cash at the end of the year</b>	<b>\$ 857,037</b>	<b>\$ 886,867</b>

See accompanying footnotes.

# CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY

(a Component Unit of the City of Amsterdam, New York)

Notes to Financial Statements

June 30, 2021

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization

The City of Amsterdam Industrial Development Agency (Agency) is a public benefit corporation created by State legislation in 1973 under the provisions of Article 18-A of the New York State Industrial Development Authority Act of the New York State General Municipal Law of 1969 to promote economic development within the City of Amsterdam, New York. The Board members of the Agency are appointed by the City of Amsterdam's Common Council, but the City exercises no oversight responsibility. Agency Board members have complete responsibility for management of the Agency and accountability for fiscal matters.

### General

These financial statements have been prepared under the accrual method of accounting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The accounting principles under U.S. GAAP are defined by the Financial Accounting Standards Board (FASB) under the Accounting Standards Codification (ASC) as updated by Accounting Standards Updates (ASU).

### Activities, Programs, and Services

The financial reporting entity includes functions and activities over which the Board exercises oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Based on the foregoing criteria and the significant factors presented below, the following programs and activities are included in the reporting entity.

#### Jobs for Amsterdam Grant

The Agency is a named participating party in a Housing and Urban Development (HUD) grant to the City of Amsterdam for the Amsterdam Community Development Program to operate a revolving loan fund of \$195,000. These funds are to be loaned, for a period not to exceed ten years, to industry and not-for-profit organizations for the purpose of creating and retaining permanent jobs within the City of Amsterdam. Significant factors requiring inclusion of the grant activity in the Agency reporting entity are as follows:

1. Loans are made to area businesses in the name of the Agency and repayment is due to the Agency.
2. The Agency's Board approves all loans.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
(a Component Unit of the City of Amsterdam, New York)  
Notes to Financial Statements  
June 30, 2021

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recognized when earned and expenses are recorded when incurred. Revenues from federal, state and other grants designated for payment of specific expenditures are recognized when the related expenditures are incurred. Any excess grant receipts or expenditures at the fiscal year-end are recorded as deferred revenue or accounts receivable, as appropriate.

Agency policy defines operating revenues as those which are a result of having provided services to local businesses, such as grants, leases and rental income. Non-operating revenues can include interest income and proceeds from sales of assets.

**Provision for Uncollectible Accounts**

The Agency uses the allowance method to account for uncollectible accounts based on an estimate of amounts deemed uncollectible. When the continued collection activity results in receipt of amounts previously written off, revenue is recognized for the amount collected.

**Capital Assets**

Capital assets are recorded at cost. Expenditures for additions, renewals, and betterments are capitalized; expenditures for maintenance and repairs are charged against operations. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets.

The Agency pursues economic development, in part, by purchasing real property and preparing the property for resale or lease, with an option to buy, to local businesses or to those businesses which desire to relocate to the City of Amsterdam. During the time the Agency holds the property, the Agency attempts to maintain the condition of the property by offering it to businesses under the terms of operating leases. The operating leases are incidental to the objective of selling the property and thereby increasing the City's real property tax base. Depreciation is recognized when the asset is placed in service.

The estimated useful lives of depreciable assets are:

	<u>Useful Lives</u>
Furniture, fixtures and equipment	5 years
Improvements to Edson Street Industrial Park picnic area	8 years
Improvements to Edson Street Industrial Park railroad spur	30 years
Buildings	23-30 years
Improvements to 44-46 East Main St.	20 years

# CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY

(a Component Unit of the City of Amsterdam, New York)

Notes to Financial Statements

June 30, 2021

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Industrial Revenue Bond and Note Transactions

Industrial development revenue bonds and notes are issued by the Agency and 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 of New York. The Agency does not record the assets or liabilities resulting from bonds and notes issued since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or financial institutions acting as agents. The Agency received administration fees for providing this service.

### Risk Management

The Agency has purchased insurance coverage for property damage and personal injury liability for the Agency's real property. Judgements and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. There were no claims that exceeded coverage for the years ended June 30, 2020 and 2021.

### Compensated Absences

Agency employees are granted vacation and sick leave in varying amounts. In the event of termination, employees are entitled to payment of accumulated vacation time.

### Cash

The Agency's investment policies are governed by State statutes and board policy. Agency monies must be deposited in any bank or trust company located within the State. The Agency is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State and its localities.

Collateral is required for demand deposits and certificates of deposit for all deposits not covered by federal deposit insurance. 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.

### Cash and Cash Equivalents

For the purpose of statement of cash flows, cash and cash equivalents are those investments that have an initial maturity less than three months.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Advertising

The Agency expenses advertising costs as they are incurred. Advertising expenses, if any, are detailed in the statements of operating expenses.

# CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY

(a Component Unit of the City of Amsterdam, New York)

Notes to Financial Statements

June 30, 2021

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Subsequent Events**

The organization has evaluated subsequent events through September 15, 2021, the date on which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

The worldwide outbreak and spread of COVID-19 virus was classified as a pandemic by the World Health Organization in March 2020. The spread of the virus and the resultant government reaction and restrictions have disrupted the Agency's programs and activities. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The economic uncertainty and effect on the Agency caused by the virus has not been fully determined but could have a significant impact on the financial condition, activities and cash flow of the Agency. Management is carefully monitoring the situation and implementing responses as conditions evolve. No adjustments have been made to these financial statements as a result of this uncertainty.

The Agency has accepted a bid on one of its properties in downtown Amsterdam. The actual sale is several months away while contracts and financing are arranged. The Agency doesn't anticipate a material gain or loss on the sale, and has not recorded any adjustments for the year end June 30, 2021 in connection with this proposed sale.

## **FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK**

The carrying values of cash, accounts and notes receivable, accounts payable and accrued expenses approximate fair market value due to the short-term nature of these financial instruments. Financial instruments that potentially subject the organization to a concentration of credit risk consist primarily of cash, and accounts and notes receivable. The Agency maintains its cash with established financial institutions. Under FDIC insurance coverage, accounts are insured to \$250,000 per account. The uninsured balances at June 30, 2021 and 2020 total \$352,755 and \$382,586, respectively.

### **RECEIVABLES**

Receivables as of June 30 are comprised of the following:

	<u>2021</u>	<u>2020</u>
Notes receivable	\$ 55,244	\$ 68,396
Uncollectible provision	(19,319)	(19,319)
Non-current portion	<u>(24,957)</u>	<u>(32,756)</u>
Totals	<u>\$ 10,968</u>	<u>\$ 16,321</u>



**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**

(a Component Unit of the City of Amsterdam, New York)

Notes to Financial Statements

June 30, 2021

**NOTES RECEIVABLE**

Notes receivable as of June 30, 2021 are as follows:

<u>Payable From/Description</u>	<u>Original Amount</u>	<u>Interest Rate (%)</u>	<u>Monthly Payment</u>	<u>Balance at June 30, 2021</u>
A & M Cleaners	\$ 20,000	3.25	\$ 365.98	\$ 19,319
EK Granite	45,000	3.50	439.74	29,445
Five Corners Mobil	25,000	3.25	729.79	<u>6,480</u>
Notes receivable				<u>\$ 55,244</u>

Notes receivable as of June 30, 2020 are as follows:

<u>Payable From/Description</u>	<u>Original Amount</u>	<u>Interest Rate (%)</u>	<u>Monthly Payment</u>	<u>Balance at June 30, 2020</u>
A & M Cleaners	\$ 20,000	3.25	\$ 365.98	\$ 19,319
La Cucina di Parillo	26,234	3.25	269.00	1,883
EK Granite	45,000	3.50	439.74	33,697
Five Corners Mobil	25,000	3.25	729.79	<u>13,497</u>
Notes receivable				<u>\$ 68,396</u>

- a) The Michael DeRose Jr., A & M Cleaners note is payable over 36 monthly payments starting August 2017 at an interest rate of 3.25%. The note is secured by certain equipment and a personal guarantee from the owner.
- b) The La Cucina di Parillo note is payable over 48 monthly payments of \$269, beginning March 15, 2017 at an interest rate of 3.25%. The note is secured by certain equipment and a personal guarantee from the owner.
- c) The EK Granite note is payable over 120 monthly payments of \$440 beginning August 2017 at an interest rate of 3.50%. The note is secured by certain equipment and a personal guarantee.
- d) The Five Corners Mobil note is payable over 36 monthly payments of \$730, beginning March 2019 at an interest rate of 3.25%. The note is secured by certain equipment and a personal guarantee from the owners.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**

(a Component Unit of the City of Amsterdam, New York)

Notes to Financial Statements

June 30, 2021

**CAPITAL ASSETS**

Capital assets for the year ended June 30, 2021 are as follows:

	Balance <u>June 30, 2020</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2021</u>
Capital assets not being depreciated:				
Land	\$ 204,076	\$ 302,875	\$ 0	\$ 506,951
Land improvements	<u>78,322</u>	<u>0</u>	<u>0</u>	<u>78,322</u>
Totals	<u>282,398</u>	<u>302,875</u>	<u>0</u>	<u>585,273</u>
Capital assets being depreciated:				
Land improvements	444,729	0	0	444,729
Buildings and improvements	3,530,172	0	0	3,530,172
Office equipment	<u>13,211</u>	<u>0</u>	<u>0</u>	<u>13,211</u>
Total	<u>3,988,112</u>	<u>0</u>	<u>0</u>	<u>3,988,112</u>
Total cost	<u>4,270,510</u>	<u>302,875</u>	<u>0</u>	<u>4,573,385</u>
Less accumulated depreciation:				
Land improvements	444,729	0	0	444,729
Buildings and improvements	1,756,714	129,638	0	1,886,352
Office equipment	<u>13,211</u>	<u>0</u>	<u>0</u>	<u>13,211</u>
Total	<u>2,214,654</u>	<u>129,638</u>	<u>0</u>	<u>2,344,292</u>
Total capital assets, net	<u>\$ 2,055,856</u>	<u>\$ 173,237</u>	<u>\$ 0</u>	<u>\$ 2,229,093</u>

**Description of Capital Assets and Location**

a) Edson Street Industrial Park

The Park is located in the City of Amsterdam and contains 38.5 acres of land. The Agency has subdivided the industrial park and prepared parcels for sale or lease.

b) East Main Street

AIDA is currently developing, leasing and marketing these properties.

c) Other properties

AIDA is currently developing, leasing, and marketing properties such as former Mohasco site, Esquire and others.

**COMPENSATED ABSENCES**

The Agency does not accrue a liability for accumulated sick leave since payment is based on an uncontrollable future event. In accordance with the provisions of Governmental Accounting Standards Board provisions, the value of accumulating sick leave is considered a contingent liability. The amount of accumulated sick leave at June 30, 2021 and 2020 is immaterial.

The Agency records the value of the earned and unused portion of the liability for vacation time for employees. The liability at June 30, 2021 and 2020 is \$5,635 and \$3,185, respectively.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**

(a Component Unit of the City of Amsterdam, New York)

Notes to Financial Statements

June 30, 2021

**RESTRICTED ASSETS**

Restricted assets consist of cash. The cash can be used only for the purpose of loans to private industry and not-for-profit organizations for the purpose of creating and retaining permanent jobs within the City of Amsterdam, New York. The loans are carried as notes receivable.

As of June 30, restricted assets consist of the following:

	<u>2021</u>	<u>2020</u>
Jobs for Amsterdam	<u>\$ 61,038</u>	<u>\$ 45,121</u>

- a) In 2017 the Agency authorized a loan to A & M Cleaners for \$20,000. The loan is to be repaid to the restricted cash account. The balance owed at June 30, 2021 and 2020 is \$19,319 and \$19,319.
- b) In 2017 the Agency authorized a loan to La Cucina di Parillo in the amount of \$12,092 from the restricted jobs for Amsterdam Fund. The balance owed at June 30, 2021 and 2020 is \$ -0- and \$1,883 respectively.
- c) In 2017 the Agency funded a loan to EK Granite for \$45,000, to be repaid to the restricted cash account. The balance owed at June 30, 2021 and 2020 is \$29,445 and \$33,696 respectively.
- d) In 2019 the Agency authorized a loan to Five Corners Mobil for \$25,000. The loan is to be repaid to the restricted cash account. The balance owed at June 30, 2021 and 2020 is \$6,480 and \$13,497 respectively.

**RESTRICTED NET ASSETS**

At June 30, 2021 and 2020, the Agency has \$61,038 and \$45,121, respectively, of restricted net assets from having received federal grant funds for a revolving loan fund.

**COMMITMENTS AND CONTINGENCIES**

**Grants and Contracts**

The Agency has received significant amounts of Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Agency believes such disallowance, if any, would not have a material impact on its financial statements.

The Agency administers certain grant and loan programs, such as the Microenterprise Assistance Program and Community Development Block Grant for the City of Amsterdam.

**Pilot Agreements**

The Agency is party to and administers certain Pilot (payment in lieu of taxes) agreements with various tenants and businesses in the City of Amsterdam, New York. These agreements are of various terms and amounts.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**

(a Component Unit of the City of Amsterdam, New York)

Notes to Financial Statements

June 30, 2021

**COMMITMENTS AND CONTINGENCIES (continued)**

**Operating Leases**

The Agency has real property available for lease to promote economic development within the City of Amsterdam. These leases are as follows:

- a) Land and buildings in the Edson Street Park to AGT Services, Inc. This lease was for five years and expired on September 3, 2019. A renewal clause in the lease for years six through ten has been executed.
- b) Land and buildings in the Edson Street Park to AGT Services, Inc. This lease is for fifteen years and expires on December 31, 2023.
- c) Land and buildings in the Edson Street Park to AGT Services, Inc. This lease is for fifteen years and expires November 30, 2024.
- d) Land and buildings in the Edson Street Park to Breton Industries, Inc. This lease was for five years and expired on August 31, 2019. The lease was renewed for five years and expires August 31, 2024.
- e) Land and buildings at 14 Park Drive to Beckmann Converting, Inc. for a period of five years and expires May 31, 2023.
- f) Land and buildings at 10 Market Street to 10 Market Street, LLC for a five-year period which expires April 1, 2022.
- g) Land and buildings at 44-46 Main Street to six different tenants in varying amounts and relatively short-term lease expirations.

The following is a schedule of future minimum lease payments on non-cancellable operating leases:

2022	352,163
2023	314,598
2024	232,940
2025	71,041
2026	-0-
Thereafter	-0-

**LIQUIDITY**

The following reflects the Agency's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. There are no donor-restricted amounts that are available for use within one year for general purposes.

	<u>2021</u>	<u>2020</u>
Cash - checking	\$ 795,999	\$ 841,746
Accounts and notes receivable	<u>18,108</u>	<u>16,321</u>
Financial assets available to meet cash needs for general expenditures within on year	<u>\$ 814,107</u>	<u>\$ 858,067</u>

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**

(a Component Unit of the City of Amsterdam, N.Y.)

Schedule of Changes in Net Position Versus Budget  
For the Year Ended June 30, 2021

	<u>Actual</u>	<u>Year Ended 2021</u> <u>Budget</u>	<u>Variance</u>
<b>OPERATING REVENUES:</b>			
Service fee income	\$ 215,525	\$ 46,473	\$ 169,052
Grant income	600,000	0	600,000
Rental and lease income	<u>433,076</u>	<u>226,857</u>	<u>206,219</u>
<b>TOTAL OPERATING REVENUES</b>	<u>\$ 1,248,601</u>	<u>\$ 273,330</u>	<u>\$ 975,271</u>
<b>NON-OPERATING REVENUES:</b>			
Investment income	<u>\$ 96,577</u>	<u>\$ 890</u>	<u>95,687</u>
<b>TOTAL NON-OPERATING REVENUES</b>	<u>\$ 96,577</u>	<u>\$ 890</u>	<u>\$ 95,687</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,345,178</u>	<u>\$ 274,220</u>	<u>\$ 1,070,958</u>
<b>OPERATING EXPENSES:</b>			
Salaries and wages	\$ 43,786	\$ 41,412	\$ 2,374
Payroll taxes and fringes	4,157	3,516	641
Management consulting services	30,004	0	30,004
Repairs and maintenance	4,140	3,000	1,140
Utilities	8,280	5,350	2,930
Legal and professional fees	41,415	46,200	(4,785)
Consulting services	5,636	72,008	(66,372)
Grant expenses	600,000	0	600,000
Payroll and bank fees	2,129	2,400	(271)
Insurance	11,248	12,000	(752)
General office	3,254	3,000	254
Subscriptions	423	270	153
Conferences	0	100	(100)
Pilots	231,539	0	231,539
Water and sewer	0	50	(50)
Advertising	0	300	(300)
Depreciation	<u>129,638</u>	<u>0</u>	<u>129,638</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,115,649</u>	<u>189,606</u>	<u>926,043</u>
<b>NET INCREASE IN</b>			
<b>NET POSITION FOR THE YEAR</b>	<u>\$ 229,529</u>	<u>\$ 84,614</u>	<u>\$ 144,915</u>

See paragraph on supplementary information in independent auditor's report.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
(a Component Unit of the City of Amsterdam, New York)

**SCHEDULE OF BOND INDEBTEDNESS**

June 30, 2021

	<u>Balance</u> <u>July 1, 2020</u>	<u>New</u> <u>Issuances</u>	<u>Redeemed</u>	<u>Balance</u> <u>June 30, 2021</u>
Advanced Generator Technologies, Inc. Originally issued on July 16, 2008 in the amount of \$1,400,000 with interest at 4.39% per annum maturing on August 1, 2023	\$ <u>460,713</u>	<u>-0-</u>	<u>94,402</u>	\$ <u>366,311</u>

June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>New</u> <u>Issuances</u>	<u>Redeemed</u>	<u>Balance</u> <u>June 30, 2020</u>
Advanced Generator Technologies, Inc. Originally issued on July 16, 2008 in the amount of \$1,400,000 with interest at 4.39% per annum maturing on August 1, 2023	\$ <u>543,577</u>	<u>-0-</u>	<u>82,864</u>	\$ <u>460,713</u>

**PHILIP BECKETT CPA, P.C.**

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

To the Chairman and Board  
City of Amsterdam Industrial Development Agency  
Amsterdam, 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 Governmental Auditing Standards issued by the Comptroller General of the United States, the financial statements of the City of Amsterdam Industrial Development Agency (a public benefit corporation), a component of the City of Amsterdam, New York, which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position, operating expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 15, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Amsterdam Industrial Development Agency's (Agency) internal control over financial reporting (internal control) to determine the 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 limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

**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 direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Amsterdam Industrial Development Agency in a separate letter dated September 15, 2021.

**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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Philip Beckett CPA, P.C.

September 15, 2021