

CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY

A Component Unit of the City of Amsterdam, New York

AMSTERDAM, NEW YORK

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

PHILIP BECKETT CPA, P.C.
132 East State Street Gloversville, New York 12078

TABLE OF CONTENTS

	<u>PAGE NO</u>
Independent auditor's report	1 – 3.
Management discussion and analysis	4 – 6.
Financial statements:	
Statements of net position	7.
Statements of revenues, expenses and changes in net position	8.
Statements of operating expenses	9.
Statements of cash flows	10.
Notes to financial statements	11 – 18.
Supplementary information	
Schedule of changes in net position versus budget	19.
Schedule of bond indebtedness	20.
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Governmental Auditing Standards</i>	21 – 22.

PHILIP BECKETT CPA, P.C.

132 East State Street Members AICPA AND NYSSCPA	Gloversville, New York 12078 Email: phil@philipbeckettcpa.com	(518)773-7226 Fax (518)725-4921
--	--	------------------------------------

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, 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.

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, 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 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 within one year after the date that the financial statements are available to be issued.

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 generally accepted 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, including omissions, 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.

PHILIP BECKETT CPA, P.C.

132 East State Street	Gloversville, New York 12078	(518)773-7226
Members AICPA AND NYSSCPA	Email: phil@philipbeckettcpa.com	Fax (518)725-4921

INDEPENDENT AUDITORS REPORT
(continued)

In performing an audit in accordance with generally accepted 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 purposes 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.

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.

PHILIP BECKETT CPA, P.C.

132 East State Street	Gloversville, New York 12078	(518)773-7226
Members AICPA AND NYSSCPA	Email: phil@philipbeckettcpa.com	Fax (518)725-4921

INDEPENDENT AUDITORS REPORT

(continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of indebtedness is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 August 17, 2022 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.
Gloversville, New York

August 17, 2022

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

Management Discussion and Analysis
June 30, 2022

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, 2022, 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 2021-2022, 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, 2022

Financial Highlights

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

	<u>2021 – 2022</u>	<u>2020 - 2021</u>
Assets		
Current assets	\$ 1,232,544	\$ 885,689
Capital assets	1,808,690	2,229,093
Non-current assets	<u>20,153</u>	<u>24,957</u>
Total Assets	3,061,387	3,139,739
Liabilities	273,049	382,009
Net Position		
Net Investment in Capital Assets	1,442,379	1,768,380
Unrestricted	1,272,872	928,312
Restricted	<u>73,087</u>	<u>61,038</u>
Total Net Position	<u>\$ 2,788,338</u>	<u>\$ 2,757,730</u>

Activities

During fiscal year 2021-2022, 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 executed property lease renewals with industrial park tenants AGT Services at their previous locations and the previous building being leased by Breton Industries (7 Dandreaano Drive).
- The Agency has been working with Beckmann Converting on coming up with solutions to building renovations and upgrades, and submitted a \$425,000 CARES Act grant for them.
- The Agency sold 44-46 Main Street for \$362,500.

CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY

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

Management Discussion and Analysis
June 30, 2022

Specific Activities (continued)

- The Agency paved Dandreano Drive, a city street, in order to better assist businesses located along that road that have heavy truck access and deliveries.
- The Agency surveyed their 23-acre parcel on Sam Stratton Drive in order to sell to a business in the Edson Street Industrial Park.
- The Agency approved an easement on the Chalmers parcel in order for the City to construct a \$2.5M public boardwalk that would span the length of the flood wall overlooking the river.
- The Agency closed out on the 5 Corners loan in February 2022.

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.

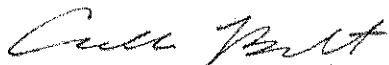
Additionally, the Agency can provide various forms of bond financing for a project. Financial institutions, insurance companies or private individuals purchase these bonds. By purchasing these bonds, the investor lends its funds to a business. The business commits to repay the principal and interest, 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 2021-2022, the agency did not establish any standard ten-year PILOT Agreements.

Finances

During fiscal year 2021-2022 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, 2022 and 2021

- ASSETS -

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash balances - unrestricted	\$ 1,149,031	\$ 795,999
Cash balances - restricted	73,087	61,038
Total cash balances	\$ 1,222,118	\$ 857,037
Accounts receivable	0	7,140
Notes receivable	4,543	10,968
Prepaid expenses	5,883	10,544
TOTAL CURRENT ASSETS	<u>\$ 1,232,544</u>	<u>\$ 885,689</u>
CAPITAL ASSETS		
Land and improvements	\$ 1,064,702	\$ 1,030,002
Buildings and improvements	2,918,700	3,530,172
Office equipment	13,211	13,211
TOTALS	3,996,613	4,573,385
Less accumulated depreciation	(2,187,923)	(2,344,292)
NET PROPERTY AND EQUIPMENT	<u>1,808,690</u>	<u>2,229,093</u>
NON-CURRENT ASSETS		
Non-current portion notes receivable	20,153	24,957
TOTAL ASSETS	<u>\$ 3,061,387</u>	<u>\$ 3,139,739</u>

- LIABILITIES AND NET POSITION -

CURRENT LIABILITIES		
Accounts payable	\$ 1,000	\$ 4,070
Accrued compensated absences	4,410	5,635
Current portion debt	103,770	99,012
Security deposits	0	5,993
TOTAL CURRENT LIABILITIES	<u>\$ 109,180</u>	<u>\$ 114,710</u>
LONG-TERM LIABILITIES		
Bond payable	163,869	267,299
TOTAL LIABILITIES	<u>\$ 273,049</u>	<u>\$ 382,009</u>
NET POSITION		
Net investment in capital assets	\$ 1,442,379	\$ 1,768,380
Restricted - cash	73,087	61,038
Unrestricted	1,272,872	928,312
NET POSITION	<u>2,788,338</u>	<u>2,757,730</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,061,387</u>	<u>\$ 3,139,739</u>

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 Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:		
Service fee income	\$ 254,789	\$ 215,525
Grant income	535,714	600,000
Rental and lease income	<u>234,147</u>	<u>433,076</u>
TOTAL OPERATING REVENUES	<u>\$ 1,024,650</u>	<u>\$ 1,248,601</u>
OPERATING EXPENSES (page 9)	<u>1,077,354</u>	<u>1,115,649</u>
NET OPERATING INCOME (LOSS)	<u>\$ (52,704)</u>	<u>\$ 132,952</u>
NON-OPERATING INCOME (EXPENSE)		
Investment income	\$ 98,583	\$ 96,577
Gain (loss) on disposal of net assets	<u>(15,272)</u>	<u>0</u>
TOTAL NON-OPERATING INCOME	<u>\$ 83,311</u>	<u>\$ 96,577</u>
NET INCREASE IN NET POSITION FOR THE YEAR	<u>\$ 30,607</u>	<u>\$ 229,529</u>

STATEMENTS OF CHANGES IN NET POSITION

	<u>2022</u>	<u>2021</u>
Net position at the beginning of the year	\$ 2,757,730	\$ 2,528,201
Net increase for the year	30,607	229,529
Rounding	<u>1</u>	<u>0</u>
NET POSITION - END OF YEAR	<u>\$ 2,788,338</u>	<u>\$ 2,757,730</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 Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Statements of Operating Expenses</u>		
Salaries and wages	\$ 41,900	\$ 43,786
Payroll taxes and fringes	3,980	4,157
Management consulting services	27,000	30,004
Repairs and maintenance	95	4,140
Utilities	6,304	8,280
Legal and professional fees	39,286	41,415
Payroll service and bank fees	2,146	2,129
Insurance	10,340	11,248
General office	2,853	3,254
Bad debt	11	0
Subscriptions	1,382	423
Pilots	303,926	231,539
Consulting services	1,229	5,636
Grant expenses	535,714	600,000
Depreciation expense	<u>101,188</u>	<u>129,638</u>
TOTAL OPERATING EXPENSES	<u>\$ 1,077,354</u>	<u>\$ 1,115,649</u>

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 Years Ended June 30, 2022 and 2021
(Unaudited)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net increase in net position	\$ 30,607	\$ 229,529
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	\$ 101,188	\$ 129,638
Accounts receivable	7,140	(7,140)
Prepaid expenses	4,661	(1,470)
Security deposits	(5,993)	(1,007)
Accounts payable and accrued expenses	(4,295)	4,745
Total adjustments	\$ 102,701	\$ 124,766
Net cash from operating activities	\$ 133,308	\$ 354,295
Cash flows from (used in) investing activities:		
Capital expenditures	\$ 319,216	\$ (302,875)
Net cash from (used in) investing activities	319,216	(302,875)
Cash flows from (used in) financing activities:		
Notes receivable	\$ 11,229	\$ 13,152
Payments on term debt	(98,672)	(94,402)
Net cash (used in) financing activities	(87,443)	(81,250)
Net increase (decrease) in cash	\$ 365,081	\$ (29,830)
Cash at the beginning of the year	857,037	886,867
Cash at the end of the year	\$ 1,222,118	\$ 857,037

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, 2022

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 of Amsterdam exercises no oversight responsibility. Agency Board members have complete responsibility for management of the Agency and accountability for fiscal matters.

Basis of Accounting

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 utilized herein are defined by the Government Accounting Standards Board (GASB), which is the primary standard setting body for establishing governmental accounting and financial principles.

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, 2022

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.

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.

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.

CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
(a Component Unit of the City of Amsterdam, New York)
Notes to Financial Statements
June 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

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

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, 2022 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.

Income taxes

As a component unit of the City of Amsterdam, New York the agency is exempt from income taxes.

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, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The organization has evaluated subsequent events through August 17, 2022, 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.

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, 2022 and 2021 total \$717,836 and \$352,755, respectively.

RECEIVABLES

Receivables as of June 30 are comprised of the following:

	<u>2022</u>	<u>2021</u>
Notes receivable	\$ 24,696	\$ 55,244
Uncollectible provision	-0-	(19,319)
Non-current portion	<u>(20,153)</u>	<u>(24,957)</u>
Totals	<u>\$ 4,543</u>	<u>\$ 10,968</u>

CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY

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

Notes to Financial Statements

June 30, 2022

NOTES RECEIVABLE

Notes receivable as of June 30, 2022 are as follows:

<u>Payable From/Description</u>	<u>Original Amount</u>	<u>Interest Rate (%)</u>	<u>Monthly Payment</u>	Balance at June 30, <u>2022</u>
EK Granite	\$ 45,000	3.50	439.74	\$ <u>24,696</u>
Notes receivable				<u>\$ 24,696</u>

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>	Balance at June 30, <u>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>

- 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 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.
- c) 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, 2022

CAPITAL ASSETS

Capital assets for the year ended June 30, 2022 are as follows:

	Balance <u>June 30, 2021</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2022</u>
Capital assets not being depreciated:				
Land	\$ 506,951	\$ 0	\$ 0	\$ 506,951
Land improvements	<u>78,322</u>	<u>0</u>	<u>0</u>	<u>78,322</u>
Totals	<u>585,273</u>	<u>0</u>	<u>0</u>	<u>585,273</u>
Capital assets being depreciated:				
Land improvements	444,729	34,700	0	479,429
Buildings and improvements	3,530,172	0	611,472	2,918,700
Office equipment	<u>13,211</u>	<u>0</u>	<u>0</u>	<u>13,211</u>
Total	<u>3,988,112</u>	<u>34,700</u>	<u>611,472</u>	<u>3,411,340</u>
Total cost	<u>4,573,385</u>	<u>34,700</u>	<u>611,472</u>	<u>3,996,613</u>
Less accumulated depreciation:				
Land improvements	444,729	3,470	0	448,199
Buildings and improvements	1,886,352	97,719	257,558	1,726,513
Office equipment	<u>13,211</u>	<u>0</u>	<u>0</u>	<u>13,211</u>
Total	<u>2,344,292</u>	<u>101,189</u>	<u>257,558</u>	<u>2,187,923</u>
Total capital assets, net	<u>\$ 2,229,093</u>	<u>\$(66,489)</u>	<u>\$ 353,914</u>	<u>\$ 1,808,690</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, 2022 and 2021 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, 2022 and 2021 is \$4,410 and \$5,635, respectively.

CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY

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

Notes to Financial Statements

June 30, 2022

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>2022</u>	<u>2021</u>
Jobs for Amsterdam	<u>\$ 73,087</u>	<u>\$ 61,038</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, 2022 and 2021 is \$-0- and \$19,319, and has been deemed uncollectible.
- b) 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, 2022 and 2021 is \$24,696 and \$29,445 respectively.
- c) 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, 2022 and 2021 is \$-0- and \$6,480 respectively, and has been fully repaid.

RESTRICTED NET ASSETS

At June 30, 2022 and 2021, the Agency has \$73,087 and \$61,038, 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, 2022

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; however, the lease was terminated on July 31, 2021.
- e) Land and buildings at 14 Park Drive to Beckmann Converting, Inc. for a period of five years and expires July 31, 2023.
- f) Land and buildings at 44-46 Main Street to six different tenants in varying amounts and relatively short-term lease expirations. The building was sold in November 2021 to a former tenant, and there are no further active leases.
- g) Land and buildings in the Edson Street Park to AGT Services, Inc. This lease is for five years and expires on November 30, 2026.

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

2023	301,640
2024	219,454
2025	91,374
2026	27,000
2027	11,250
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>2022</u>	<u>2021</u>
Cash - checking	\$ 1,149,031	\$ 795,999
Accounts and notes receivable	<u>4,543</u>	<u>18,108</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,153,574</u>	<u>\$ 814,107</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, 2022

	<u>Year Ended 2022</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
OPERATING REVENUES:			
Service fee income	\$ 254,789	\$ 425,729	\$ (170,940)
Grant income	535,714	600,000	(64,286)
Rental and lease income	<u>234,147</u>	<u>373,434</u>	<u>(139,287)</u>
TOTAL OPERATING REVENUES	\$ 1,024,650	\$ 1,399,163	\$ (374,513)
NON-OPERATING REVENUES:			
Investment income	\$ 98,583	\$ 16,065	82,518
Gain (loss) on disposal of net assets	<u>(15,272)</u>	<u>0</u>	<u>(15,272)</u>
TOTAL NON-OPERATING REVENUES	\$ 83,311	\$ 16,065	\$ 67,246
TOTAL REVENUES	\$ 1,107,961	\$ 1,415,228	\$ (307,267)
OPERATING EXPENSES:			
Salaries and wages	\$ 41,900	\$ 43,786	\$ (1,886)
Payroll taxes and fringes	3,980	4,157	(177)
Management consulting services	27,000	24,000	3,000
Repairs and maintenance	95	4,522	(4,427)
Utilities	6,304	8,280	(1,976)
Legal and professional fees	39,286	39,215	71
Consulting services	1,229	5,560	(4,331)
Grant expenses	535,714	600,000	(64,286)
Payroll service and bank fees	2,146	2,040	106
Insurance	10,340	11,248	(908)
General office	2,853	3,253	(400)
Bad debt	11	0	11
Subscriptions	1,382	423	959
Pilots	303,926	231,539	72,387
Depreciation	<u>101,188</u>	<u>129,638</u>	<u>(28,450)</u>
TOTAL OPERATING EXPENSES	1,077,354	1,107,661	(30,307)
NET INCREASE IN			
NET POSITION FOR THE YEAR	\$ 30,607	\$ 307,567	\$ (276,960)

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, 2022

	<u>Balance</u> <u>July 1, 2021</u>	<u>New</u> <u>Issuances</u>	<u>Redeemed</u>	<u>Balance</u> <u>June 30, 2022</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>366,311</u>	<u>-0-</u>	<u>98,672</u>	\$ <u>267,639</u>

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>

PHILIP BECKETT CPA, P.C.

132 East State Street Members AICPA AND NYSSCPA	Gloversville, New York 12078 Email phil@philipbeckettcpa.com	(518)773-7226 Fax (518)725-4921
--	---	------------------------------------

**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, 2022 and 2021, 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 August 17, 2022.

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)

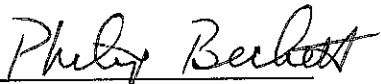
Compliance and Other Matters

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 August 17, 2022.

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.
Gloversville, New York

August 17, 2022