

**TIOGA COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

Owego, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2023 and 2022**



TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tioga County Industrial Development Agency
Owego, New York

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the Tioga County Industrial Development Agency (the Agency), a component unit of the County of Tioga, New York, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of December 31, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

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

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency’s basic financial statements. The Schedule of Projects and the Schedule of Loans Receivable are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Projects and the Schedule of Loans Receivable are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2024, on our consideration of the Agency’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency’s internal control over financial reporting and compliance.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 14, 2024

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

The Tioga County Industrial Development Agency (the Agency), a component unit of Tioga County, New York, was created to encourage economic growth in Tioga County.

Mission: The Tioga County Industrial Development Agency was created to promote, develop, encourage, and assist in acquiring, construction, maintaining, equipping, and furnishing certain types of projects and facilities, to advance the job opportunities, health, general prosperity, economic welfare, and recreation opportunities of the citizens of Tioga County.

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Agency's financial position as of December 31, 2023 and 2022 and the result of its operations for the years then ended. Management has prepared the financial statements and related footnote disclosures along with this MD&A. The MD&A should be read in conjunction with the audited financial statements and related footnotes of the Agency, which directly follow the MD&A.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The financial statements of the Tioga County Industrial Development Agency have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements consist of a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; a Statement of Cash Flows; and accompanying notes. These statements provide information on the financial position of the Agency and the financial activity and results of its operations during the year. A description of the Agency's financial statements follows.

- The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Agency is improving or deteriorating.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

- The Statement of Revenues, Expenses, and Changes in Net Position presents information showing the change in the Agency's net position during the most recent fiscal 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 cash flows. Thus, revenues and expenses reported in this statement include all items that will result in cash received or disbursed in future fiscal periods.
- The Statement of Cash Flows provides information on the major sources and uses of cash during the year. The cash flow statement portrays net cash provided or used from operating, non-capital financing, capital financing, and investing activities.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the Agency's activities.

Figure 1

Condensed Statement of Net Position	2023	2022	2021	Total Change 2023-2022
<i>Current Assets:</i>				
<i>Cash and Cash Equivalents</i>	\$ 1,316,997	\$ 1,080,661	\$ 2,118,836	\$ 236,336
<i>Investments</i>	1,192,688	1,179,584	1,173,731	13,104
<i>Accounts Receivable</i>	84,453	746,453	788,453	(662,000)
<i>Revolving Loans Receivable, Current, Net</i>	25,244	45,359	77,367	(20,115)
Total Current Assets	2,619,382	3,052,057	4,158,387	(432,675)
<i>Non-Current Assets:</i>				
<i>Capital Assets, Net</i>	2,190,083	2,212,226	2,232,349	(22,143)
<i>Revolving Loans Receivable, Non-Current</i>	446,873	352,118	436,463	94,755
Total Assets	5,256,338	5,616,401	6,827,199	(360,063)
<i>Current Liabilities:</i>				
<i>Accounts Payable and Accrued Liabilities</i>	50	50	50	-
<i>Due to County</i>	-	34,877	363,457	(34,877)
<i>Loans Payable, Current</i>	40,875	40,469	40,069	406
Total Current Liabilities	40,925	75,396	403,576	(34,471)
<i>Noncurrent Liabilities:</i>				
<i>Loans Payable, Non-Current</i>	399,257	440,132	480,601	(40,875)
Total Liabilities	440,182	515,528	884,177	(75,346)
<i>Net Position:</i>				
<i>Net Investment in Capital Assets</i>	2,190,083	2,212,226	2,232,349	(22,143)
<i>Restricted</i>	445,828	583,279	826,956	(137,451)
<i>Unrestricted</i>	2,180,245	2,305,368	2,883,717	(125,123)
Total Net Position	\$ 4,816,156	\$ 5,100,873	\$ 5,943,022	\$ (284,717)

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

Comparison of 2023 to 2022

The increase in cash relates to payments received during the year. The decrease in accounts receivable was due to the two large payments received related to moneys anticipated for the Water Tower Project.

The decrease in restricted net position is a result of the decrease in restricted cash due to PILOT payments being made timelier.

The net effect was a decrease in total net position of \$284,717.

Comparison of 2022 to 2021

The decrease in cash relates to payments made to Tioga County during the year. The decrease in loans receivable was due to the repayment of loans receivable.

The decrease in Due to County is due to the payments being received and paid back to the County for the Emergency Relief Loan Program Fund.

The decrease in restricted net position is a result of the decrease in restricted cash due to PILOT payments being made timelier.

The net effect was a decrease in total net position of \$842,149.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

Our analysis in *Figure 2* considers the operations of the Agency's activities.

Figure 2

Changes in Net Position	2023	2022	2021	Total Change 2023-2022
<i>Operating Revenues:</i>				
Charges for Services	\$ 132,183	\$ 99,266	\$ 203,012	\$ 32,917
Grant Income	526,410	699,113	993,145	(172,703)
Loan Interest Earned	15,876	15,129	18,157	747
Non-Operating Revenues	12,800	3,645	11,232	9,155
Total Revenues	687,269	817,153	1,225,546	(129,884)
<i>Operating Expenses:</i>				
Contractual Expenses	881,456	1,573,820	1,273,481	(692,364)
Loan Program Expenses	364	595	223	(231)
Depreciation	22,143	20,123	20,656	2,020
Loss (Gain) on Sale of Assets	-	-	58,454	-
Interest Expense	5,729	5,920	7,224	(191)
Personnel Services	62,294	58,844	53,359	3,450
Total Expenses	971,986	1,659,302	1,413,397	(687,316)
Change in Net Position	\$ (284,717)	\$ (842,149)	\$ (187,851)	\$ 557,432

Comparison of 2023 to 2022

Total revenues of the Agency decreased \$129,884. The decrease in revenue is primarily due to the DRI grant revenue that was recognized in 2022 and not recurring.

Total expenses of the Agency decreased \$687,316. The decrease in expenses is mainly a result of the decrease in Contractual Expenses.

Comparison of 2022 to 2021

Total revenues of the Agency decreased \$408,393. The decrease in revenue is primarily due to the Water Tower Project revenue that was recognized in 2021 and not recurring.

Total expenses of the Agency increased \$245,905. The increase in expenses is mainly a result of the Contractual Expenses.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During 2023, the Capital Assets net balance was \$2,190,083. This amount represents a net decrease (including additions, deletions, and depreciation) of \$22,143 compared to last year, due to accumulated depreciation.

During 2022, the Capital Assets net balance was \$2,212,226. This amount represents a net decrease (including additions, deletions, and depreciation) of \$20,123 compared to last year, due to accumulated depreciation.

Figure 3

<i>Changes in Capital Assets</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>Total Change</i>
<i>Land - 434</i>	\$ 376,800	\$ 376,800	\$ 376,800	\$ -
<i>Land - General</i>	1,110,769	1,110,769	1,110,769	-
<i>Land - Archaeological Studies</i>	2,452	2,452	2,452	-
<i>Railroad Improvements</i>	1,979,331	1,979,331	1,979,331	-
<i>Accumulated Depreciation</i>	(1,279,269)	(1,257,126)	(1,237,003)	(22,143)
<i>Totals</i>	\$ 2,190,083	\$ 2,212,226	\$ 2,232,349	\$ (22,143)

Debt Administration

Debt, both short and long-term, considered a liability, decreased by \$40,469 in 2023, as shown in *Figure 4*. This decrease resulted from annual principal payments made during the year based on amortization schedules. Debt decreased by \$40,069 in 2022, due to principal payments made.

Figure 4

<i>Changes in Debt</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>Total Change</i>
<i>Loans Payable</i>	\$ 440,132	\$ 480,601	\$ 520,670	\$ (40,469)
<i>Totals</i>	\$ 440,132	\$ 480,601	\$ 520,670	\$ (40,469)

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

FACTORS BEARING ON THE AGENCY'S FUTURE

The Agency will continue to increase job opportunities and improve the quality of life in our community. The Agency will continue ongoing administration of PILOT Agreements and Loan Programs. The Agency will continue to develop shovel-ready sites and attract new businesses. The Agency will continue compliance with all provisions of the Public Authority Accountability Act by diligent oversight of operations. The Agency will continue partnership with Tioga County's Economic Development & Planning Department and Local Development Corporation for collaboration and success.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Agency's clients, investors, and creditors with a general overview of the Agency's finances and demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Tioga County Industrial Development Agency, 56 Main Street #109, Owego, New York 13827.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET POSITION DECEMBER 31,

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 871,169	\$ 497,382
Restricted Cash and Cash Equivalents	445,828	583,279
Investments	1,192,688	1,179,584
Accounts Receivable	84,453	746,453
Revolving Loans Receivable, Current Portion, Net	25,244	45,359
Total Current Assets	<u>2,619,382</u>	<u>3,052,057</u>
Noncurrent Assets		
Land and Non-Depreciable Capital Assets	1,490,021	1,490,021
Depreciable Capital Assets, Net	700,062	722,205
Revolving Loans Receivable, Net of Current Portion	446,873	352,118
Total Noncurrent Assets	<u>2,636,956</u>	<u>2,564,344</u>
Total Assets	<u>5,256,338</u>	<u>5,616,401</u>
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	50	50
Due to County	-	34,877
Loans Payable, Current Portion	40,875	40,469
Total Current Liabilities	<u>40,925</u>	<u>75,396</u>
Non-Current Liabilities		
Loans Payable, Noncurrent Portion	399,257	440,132
Total Liabilities	<u>440,182</u>	<u>515,528</u>
NET POSITION		
Net Investment in Capital Assets	2,190,083	2,212,226
Restricted	445,828	583,279
Unrestricted	2,180,245	2,305,368
Total Net Position	<u>\$ 4,816,156</u>	<u>\$ 5,100,873</u>

See Notes to Financial Statements

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31,

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Charges for Services	\$ 132,183	\$ 99,266
Grant Income	526,410	699,113
Loan Interest Earned	15,876	15,129
Total Operating Revenues	<u>674,469</u>	<u>813,508</u>
Operating Expenses		
Contractual Expenses	881,456	1,573,820
Loan Program Expenses	364	595
Depreciation	22,143	20,123
Interest Expense	5,729	5,920
Personnel Services	62,294	58,844
Total Operating Expenses	<u>971,986</u>	<u>1,659,302</u>
Operating Gain (Loss)	<u>(297,517)</u>	<u>(845,794)</u>
Non-Operating Revenues (Expenses)		
Investment Interest	<u>12,800</u>	<u>3,645</u>
Total Non-Operating Revenues (Expenses)	<u>12,800</u>	<u>3,645</u>
Change in Net Position	(284,717)	(842,149)
Net Position, January 1,	<u>5,100,873</u>	<u>5,943,022</u>
Net Position, December 31,	<u><u>\$ 4,816,156</u></u>	<u><u>\$ 5,100,873</u></u>

See Notes to Financial Statements

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	2023	2022
Cash Flows From Operating Activities		
Cash Received From Providing Services	\$ 1,336,469	\$ 855,508
Cash Payments - Operating Expenses	(949,843)	(1,639,179)
Cash Payments to Tioga County	(34,877)	(328,580)
Cash Advances to Loan Program Recipients	(162,500)	-
Cash Received from Loan Program Repayments	87,860	116,353
Net Cash Provided (Used) by Operating Activities	277,109	(995,898)
Net Cash From Capital and Related Financing Activities		
Repayments of Loans Payable	(40,469)	(40,069)
Net Cash Provided (Used) by Capital and Related Financing Activities	(40,469)	(40,069)
Cash Flows From Investing Activities		
Investment in Certificates of Deposit	(13,104)	(5,853)
Interest Received	12,800	3,645
Net Cash Provided (Used) by Investing Activities	(304)	(2,208)
Net Change in Cash and Cash Equivalents	236,336	(1,038,175)
Cash and Cash Equivalents, January 1,	1,080,661	2,118,836
Cash and Cash Equivalents, December 31,	\$ 1,316,997	\$ 1,080,661
Operating Loss	\$ (297,517)	\$ (845,794)
Adjustments to Reconcile Net Operating Loss to Net Cash Provided (Used) by in Operating Activities:		
Depreciation Expense	22,143	20,123
Changes in Assets and Liabilities:		
Accounts Receivable	662,000	42,000
Loans Receivable	(74,640)	116,353
Due to County	(34,877)	(328,580)
Net Cash Provided (Used) by Operating Activities	\$ 277,109	\$ (995,898)

See Notes to Financial Statements

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

***Note 1* Summary of Significant Accounting Policies**

The financial statements of Tioga County Industrial Development Agency (the Agency) have been prepared in conformity with generally accepted accounting principles (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing U.S GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Agency's accounting policies are described below.

Financial Reporting Entity

The Agency was created in 1971 by the New York State Legislature under the mandate of Article 18-A, "New York State Industrial Development Agency Act" of New York State municipal law for the purpose of advancing job opportunities, health, general prosperity, and economic welfare of the people of Tioga County. The Agency also works to improve current recreation opportunities, posterity, and standard of living. The Agency is exempt from federal, state, and local income taxes. Although established by the Tioga County Board of Representatives, the Agency is a separate entity and operates independently of the County. The Agency is considered a component unit of Tioga County.

The financial reporting entity consists of (a) the primary government which is the Tioga County Industrial Development Agency, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 85, "Omnibus 2017."

The decision to include a potential component unit in the Agency's reporting entity is based on several criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended.

Basis of Accounting

The accounts of the Agency are maintained on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned. Expenses are recorded when the liability is incurred.

Cash and Cash Equivalents

The Agency considers all highly liquid investments having an original maturity of three months or less to be cash equivalents.

Investments

Investments consist of Certificates of Deposit and are stated at fair value, which approximate cost.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Loans Receivable

The Agency commenced administering a loan program effective January 1, 2010. The program has revolving loan funds, which were created to provide low interest loans to start-up and expanding businesses in Tioga County. The loans must involve direct job retention or creation, which will strengthen the economic base of Tioga County. In 2011, after a disastrous flood, the Agency also provided short-term interest free loans for businesses sustaining significant damage as a result of the flood. During 2013, the Agency commenced administering a commercial façade loan program. During 2020, the Agency commenced administering an Emergency Relief Loan Program.

The Agency administers the operation of the revolving loan program on behalf of the County of Tioga Local Development Corporation for the Commercial Façade Loan Program (CFLP), the United States Department of Agriculture (USDA) for the Intermediary Relending Program (IRP), and the Rural Business Development Grants (RBEG).

Allowance for Uncollectible Loans

The Agency follows the policy of evaluating its loans receivable to adequately reserve for anticipated losses. Although management believes all the loans receivable are collectible, an allowance account of \$35,000 has been established for each of the years ended December 31, 2023 and 2022.

Capital Assets

All capital asset purchases are recorded at historical cost or fair market value at the date of acquisition. Depreciation is recorded on a straight-line basis over the assets' estimated useful life of five to 39 years. The Agency's policy is to capitalize all additions greater than \$1,000 with a useful life of more than five years.

Equity Classifications - Statement of Net Position

- Net Investment in Capital Assets - Consists of capital assets (including restricted capital assets), net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of net resources with constraints placed on its use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of "net investment in capital assets" or "restricted."

Fee Income, Grant, and Contract Support

The Agency charges a service fee for each project, the proceeds of which are intended to offset Agency expenses and fund continuing operations.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Non-Operating Revenues

Non-operating activities include gains or losses on disposal of capital assets and investment income.

Use of Estimates

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

New Accounting Standards

The Agency adopted and implemented the following current Statement of the Governmental Accounting Standards Board (GASB) effective for the year ended December 31, 2023:

- GASB Statement No. 96, "Subscription-Based Information Technology Arrangements."

There was no material effect.

Future Changes in Accounting Standards

- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ending December 31, 2024

***Note 2* Deposits and Investments**

State statutes govern the Agency's investment policies. In addition, the Agency has its own written investment policy. Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Treasurer 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 or its localities.

Collateral is required for demand deposits and certificates of deposit at 105% of 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 New York State and its municipalities and school districts.

Total bank balances of the Agency (including certificates of deposit) of \$2,526,457 and \$2,299,637 at December 31, 2023 and 2022 were covered by FDIC insurance up to \$250,000. As of December 31, 2023 and 2022, all deposits with financial institutions were either insured or collateralized with securities held by the pledging financial institution in the Agency's name.

Restricted cash includes grant and loan proceeds, and PILOT payments to be distributed.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 3 Investments

The Agency categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs derived principally from or corroborated observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Agency had the following investments stated at fair value at December 31, 2023:

Type of Investment	Cost	Carrying Amount Fair Value	Level
Certificate of Deposit	\$ 555,597	\$ 555,597	(2)
Certificate of Deposit	327,220	327,220	(2)
Certificate of Deposit	309,871	309,871	(2)

The Agency had the following investments stated at fair value at December 31, 2022:

Type of Investment	Cost	Carrying Amount Fair Value	Level
Certificate of Deposit	\$ 553,069	\$ 553,069	(2)
Certificate of Deposit	325,352	325,352	(2)
Certificate of Deposit	301,163	301,163	(2)

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 3 Investments - Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Agency does not typically purchase investments for a duration long enough to cause it to believe that it is exposed to any material interest rate risk.

Note 4 Loans Receivable

Loans receivable, net of allowance, is summarized as follows:

	<u>Balance December 31, 2022</u>	<u>Loan Advances</u>	<u>Principal Repayments</u>	<u>Balance December 31, 2023</u>	<u>Amounts Due Within One Year</u>
CFLP Revolving Loans	\$ 19,529	\$ -	\$ (15,154)	\$ 4,375	\$ 4,375
IRP Revolving Loans	332,872	62,500	(37,987)	357,385	40,007
RBEG Revolving Loans	55,551	100,000	(10,194)	145,357	15,862
COVID-19 ERLP Loans	24,525	-	(24,525)	-	-
Total Loans Receivable	432,477	162,500	(87,860)	507,117	60,244
Allowance for Doubtful Loans	(35,000)	-	-	(35,000)	(35,000)
Total Loans Receivable, Net	\$ 397,477	\$ 162,500	\$ (87,860)	\$ 472,117	\$ 25,244

	<u>Balance December 31, 2021</u>	<u>Loan Advances</u>	<u>Principal Repayments</u>	<u>Balance December 31, 2022</u>	<u>Amounts Due Within One Year</u>
CFLP Revolving Loans	\$ 52,550	\$ -	\$ (33,021)	\$ 19,529	\$ 15,154
IRP Revolving Loans	378,198	-	(45,326)	332,872	35,641
RBEG Revolving Loans	62,887	-	(7,336)	55,551	7,636
COVID-19 ERLP Loans	55,195	-	(30,670)	24,525	21,928
Total Loans Receivable	548,830	-	(116,353)	432,477	80,359
Allowance for Doubtful Loans	(35,000)	-	-	(35,000)	(35,000)
Total Loans Receivable, Net	\$ 513,830	\$ -	\$ (116,353)	\$ 397,477	\$ 45,359

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 4 **Loans Receivable - Continued**

The following is a schedule of future principal payments to be received.

2024	\$	60,244
2025		58,081
2026		58,954
2027		57,235
2028		58,749
2029-2033		184,046
2024-2038		17,554
2039-2040		12,254
		<hr/>
Total	\$	<u><u>507,117</u></u>

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 5 Capital Assets

At December 31, 2023 and 2022, the Agency's capital assets consisted of the following:

	<u>Balance</u> <u>December 31, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>December 31, 2023</u>
Non-Depreciable Capital Assets				
Land - General	\$ 1,110,769	\$ -	\$ -	\$ 1,110,769
Land - 434	376,800	-	-	376,800
Land - Archaeological Studies	2,452	-	-	2,452
Total Non-Depreciable Capital Assets	<u>1,490,021</u>	<u>-</u>	<u>-</u>	<u>1,490,021</u>
Depreciable Capital Assets				
Railroad Tracking and Facilities	1,979,331	-	-	1,979,331
Total Historical Cost	3,469,352	-	-	3,469,352
(Less): Accumulated Depreciation				
Railroad Tracking and Facilities	(1,257,126)	(22,143)	-	(1,279,269)
Total Capital Assets, Net	<u>\$ 2,212,226</u>	<u>\$ (22,143)</u>	<u>\$ -</u>	<u>\$ 2,190,083</u>
	<u>Balance</u> <u>December 31, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>December 31, 2022</u>
Non-Depreciable Capital Assets				
Land - General	\$ 1,110,769	\$ -	\$ -	\$ 1,110,769
Land - 434	376,800	-	-	376,800
Land - Archaeological Studies	2,452	-	-	2,452
Total Non-Depreciable Capital Assets	<u>1,490,021</u>	<u>-</u>	<u>-</u>	<u>1,490,021</u>
Depreciable Capital Assets				
Railroad Tracking and Facilities	1,979,331	-	-	1,979,331
Total Historical Cost	3,469,352	-	-	3,469,352
(Less): Accumulated Depreciation				
Railroad Tracking and Facilities	(1,237,003)	(20,123)	-	(1,257,126)
Total Capital Assets, Net	<u>\$ 2,232,349</u>	<u>\$ (20,123)</u>	<u>\$ -</u>	<u>\$ 2,212,226</u>

Depreciation expense amounted to \$22,143 and \$20,123 for the years ended December 31, 2023 and December 31, 2022, respectively.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 6 Due to County

During 2020, Tioga County transferred \$475,000 to the Agency to administer, on their behalf, the Emergency Relief Loan Program that will provide assistance for small businesses in Tioga County that have been impacted by the COVID-19 pandemic. The remaining funds were returned to the County during 2023.

Note 7 Loans Payable

Loans payable consisted of the following at December 31, 2023:

	Issue Date	Final Maturity	Interest Rate	Balance
USDA - IRP 1	5/2008	5/2027	1.00%	\$ 30,508
USDA - IRP 2	5/2008	5/2030	1.00%	78,343
USDA - IRP 3	1/2009	1/2036	1.00%	149,723
USDA - IRP 4	1/2011	1/2039	1.00%	181,558
Total Loans Payable				\$ 440,132

Loans payable are summarized as follows at December 31, 2023 and 2022:

	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2023	Principal Due Within One Year	Interest Due Within One Year
USDA - IRP 1	\$ 38,383	\$ -	\$ (7,875)	\$ 30,508	\$ 7,954	\$ 305
USDA - IRP 2	89,784	-	(11,441)	78,343	11,556	783
USDA - IRP 3	160,457	-	(10,734)	149,723	10,842	1,497
USDA - IRP 4	191,977	-	(10,419)	181,558	10,523	1,816
Total Loans Payable	\$ 480,601	\$ -	\$ (40,469)	\$ 440,132	\$ 40,875	\$ 4,401

	Balance December 31, 2021	Increases	Decreases	Balance December 31, 2022	Principal Due Within One Year	Interest Due Within One Year
USDA - IRP 1	\$ 46,180	\$ -	\$ (7,797)	\$ 38,383	\$ 7,875	\$ 384
USDA - IRP 2	101,112	-	(11,328)	89,784	11,441	898
USDA - IRP 3	171,085	-	(10,628)	160,457	10,734	4,604
USDA - IRP 4	202,293	-	(10,316)	191,977	10,419	1,920
Total Loans Payable	\$ 520,670	\$ -	\$ (40,069)	\$ 480,601	\$ 40,469	\$ 7,806

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 7 Loans Payable - Continued

The following is a schedule of future principal and interest loan payments:

	Principal	Interest	Total
2024	\$ 40,875	\$ 4,401	\$ 45,276
2025	41,284	3,993	45,277
2026	41,697	3,579	45,276
2027	40,324	3,163	43,487
2028	34,258	2,759	37,017
2029-2033	133,940	9,114	143,054
2034-2038	95,590	3,127	98,717
2039	12,164	122	12,286
	\$ 440,132	\$ 30,258	\$ 470,390

Note 8 Employee Benefit Plan

The Agency maintains a Simple IRA account for its employee. The Agency may contribute up to 3% of gross wages to the Simple IRA account. Contributions totaled \$837 in 2022 and \$609 in 2023. The decrease was caused by a decrease in the contribution rate during the year to 1%.

Note 9 Railroad Operating Agreement

In 2006, the Agency entered into an operating agreement with Owego and Harford Railway, Inc. for the use of the railroad property and facilities. The agreement was for ten years with an option to renew for an additional five years. The agreement was revised in February 2013 for a term of fifteen years through December 2028. According to the agreement, the Agency shall receive 10% of gross operating revenues up to \$800,000 and 5% over \$800,000 until December 2015. The thresholds increase to \$1 million for years 2016 through 2020, and \$1.2 million for years 2021 through 2024. For the final period of 2025 through 2028, the amount is to be agreed upon by both parties; the threshold shall be no less than \$1.2 million. The operating company is responsible for any additional equipment and facilities that may be required for the operation of the line, as well as such maintenance, repairs, and insurance necessary to keep the line in good operating condition.

In 2020, the agreement was modified to reflect RJ Corman as the new operator.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF PROJECTS DECEMBER 31, 2023

<u>Project Name</u>	<u>Exemption Period</u>	<u>Purpose</u>	<u>Sales Tax Cap</u>	<u>Sales Tax Exemptions</u>	<u>Mortgage Tax Exemptions</u>	<u>Payments in Lieu of Taxes</u>	<u>Property Taxes if Not Exempt</u>	<u>Total Exemptions</u>	<u>Jobs at 12/31/2023</u>
Nichols Cross Dock	2017-2028	Construction	\$ -	\$ -	\$ -	\$ 213,768	\$ 379,657	\$ 165,889	40
Spencer-Tioga Solar	2020-2050	Construction	486,144	-	-	95,084	90,743	(4,341)	-
Crown	2017-2047	Construction	-	-	-	300,000	1,381,318	1,081,318	274
Lockheed Martin	2006-2026	Manufacturing	-	-	-	-	1,251,269	1,251,269	2459
Tioga Downs Phase 4 (Golf)	2017-2037	Commercial/Construction	-	-	-	24,928	89,016	64,088	1
Owego Gardens	2017-2047	Construction	-	-	-	24,438	102,908	78,470	3
Owego Gardens II	2023-2053	Construction	-	-	-	46,500	5,799	(40,701)	4
Midwestern Pet Foods	2016-2027	Industrial	-	-	-	56,515	86,004	29,489	77
Tioga Downs Phase 1	2015-2034	Commercial/Construction	-	-	-	41,268	97,140	55,872	-
Gateway	2018-2033	Commercial/Construction	-	-	-	1,900	50,894	48,994	1
Tioga Downs Phase 2	2017-2037	Construction	-	-	-	45,142	138,972	93,830	217
Tioga Downs Phase 3 (Hotel)	2017-2037	Construction	-	-	-	613,767	2,233,264	1,619,497	218
Best Buy	2003-2025	Construction	-	-	-	500,937	500,937	-	233
Central New York Oil and Gas Company 3	2021-2026	Construction	-	-	-	5,259,928	5,259,928	-	7
V&S New York Galvanizing	2021-2031	Construction	671,200	-	-	45,741	175,062	129,321	33
Best Bev	N/A	N/A	2,242,066	2,218,467	-	-	-	-	0
231 Main LLC	N/A	N/A	34,320	3,151	-	-	-	-	0
Arteast Café LLC	N/A	N/A	24,000	2,073	-	-	-	-	0
Navo Properties LLC	N/A	N/A	1,128	874	-	-	-	-	0
Season II LLC	N/A	N/A	17,942	10,476	-	-	-	-	0
Total			<u>\$ 3,476,800</u>	<u>\$2,235,041</u>	<u>\$ -</u>	<u>\$ 7,269,916</u>	<u>\$ 11,842,911</u>	<u>\$ 4,572,995</u>	

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF LOANS RECEIVABLE DECEMBER 31, 2023

Loan Name	Issue Date	Maturity Date	Interest Rate	Balance at December 31, 2022	New Loans Issued/Advances	Repayments	Balance at December 31, 2023
Commercial Façade Loans							
Owens Insurance	6/20/2018	7/1/2024	0%	\$ 11,875	\$ -	\$ (7,500)	\$ 4,375
Broad St Barber Shop	2/1/2018	6/1/2023	0%	1,165	-	(1,165)	-
The Parkview	8/23/2017	9/1/2023	0%	6,489	-	(6,489)	-
Total Commercial Façade Loans Receivable				\$ 19,529	\$ -	\$ (15,154)	\$ 4,375
IRP Loans							
HeaHea Retreat	9/1/2023	9/1/2033	5.25%	\$ -	\$ 62,500	\$ (1,599)	\$ 60,901
The Loom	10/1/2018	10/1/2024	4.00%	3,653	-	(3,653)	-
Broad St Barber Shop	2/1/2018	2/1/2033	4.75%	54,787	-	(4,185)	50,602
R&C Auto Repair	4/19/2017	6/1/2032	4.50%	28,815	-	(2,632)	26,183
Giggle Box Playhouse	12/1/2017	1/6/2027	2.50%	11,827	-	(2,695)	9,132
Harold & Harry's	12/21/2010	1/2/2040	0.00%	48,652	-	(400)	48,252
Pristine Vision	6/1/2019	6/1/2029	4.00%	69,439	-	(9,546)	59,893
Elston Enterprises	6/1/2020	6/1/2035	5.25%	35,314	-	(2,054)	33,260
Belles Blue LLC / Ye Old County Florist	5/1/2021	5/1/2031	2.50%	68,626	-	(8,046)	60,580
At Your Door Mobile Dog Grooming	7/1/2021	7/1/2026	2.50%	11,759	-	(3,177)	8,582
Total IRP Loans Receivable				\$ 332,872	\$ 62,500	\$ (37,987)	\$ 357,385
RBEG Loans							
HeaHea Retreat	9/1/2023	9/1/2033	5.25%	\$ -	\$ 100,000	\$ (2,558)	\$ 97,442
Pristine Vision	6/1/2019	6/1/2029	4.00%	55,551	-	(7,636)	47,915
Total RBEG Loans Receivable				\$ 55,551	\$ 100,000	\$ (10,194)	\$ 145,357
COVID-19 ERLP Loans							
Rock Oak Lumber	10/1/2020	10/1/2023	2.50%	\$ 10,464	\$ -	\$ (10,464)	\$ -
Hygge Home LLC	10/1/2020	10/1/2023	2.50%	2,854	-	(2,854)	-
TDS Construction	11/1/2020	11/1/2023	2.50%	2,858	-	(2,858)	-
Jackpot Richie's Chicken BBQ	8/1/2020	8/1/2023	2.50%	8,349	-	(8,349)	-
Total COVID-19 ERLP Loans				\$ 24,525	\$ -	\$ (24,525)	\$ -
Total All Loans				\$ 432,477	\$ 162,500	\$ (87,860)	\$ 507,117
(Less): Allowance for Doubtful Loans				(35,000)			(35,000)
Revolving Loans Receivable				\$ 397,477			\$ 472,117

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

To the Board of Directors
Tioga County Industrial Development Agency
Owego, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tioga County Industrial Development Agency (the Agency), a component unit of the County of Tioga, New York, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 14, 2024