

Orange County Industrial Development Agency

(A Discretely Presented Component Unit of the
County of Orange, New York)

Schedule of Cash and Investments

Year Ended December 31, 2023

Orange County Industrial Development Agency

(A Discretely Presented Component Unit of the County of Orange, New York)

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1-2
Schedule of Cash and Investments	3
Notes to Schedule of Cash and Investments	4-5
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Schedule of Cash and Investments Performed in Accordance with <i>Government Auditing Standards</i>	6

(This page intentionally left blank)

Independent Auditors' Report

**The Board of Directors of the
Orange County Industrial Development Agency**

Report on the Audit of the Schedule of Cash and Investments

Opinion

We have audited the Schedule of Cash and Investments (the "Schedule") of the Orange County Industrial Development Agency (a discretely presented component unit of the County of Orange, New York) ("Agency"), as of December 31, 2023, and the related notes to the Schedule.

In our opinion, the accompanying Schedule and related notes referred to above presents fairly, in all material respects, the cash and investments of the Agency as of December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule. 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 opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule 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 the Schedule that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedule

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

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 Schedule, 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 Schedule.

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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 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 with respect to the Schedule. 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 with respect to the Schedule.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
March 19, 2024

Orange County Industrial Development Agency

(A Discretely Presented Component Unit of County of Orange, New York)

Schedule of Cash and Investments

December 31, 2023

Cash and cash equivalents	\$ 3,620,611
Investments	<u>5,899,136</u>
Total Cash and Equivalents and Investments	<u><u>\$ 9,519,747</u></u>

See accompanying notes to schedule of cash and investments.

(This page intentionally left blank)

Orange County Industrial Development Agency
(A Discretely Presented Component Unit of the Orange County, New York)

Notes to Schedule of Cash and Investments
Year Ended December 31, 2023

Note 1 - Organization and Purpose

The Orange County Industrial Development Agency ("Agency") was created in 1972 under the Laws of New York State for the purpose of encouraging economic growth in Orange County, New York. The Agency is exempt from federal, state, and local income taxes. The Agency's present function is to promote economic development through a program of incentive-based allocations that assist in the construction, equipping and maintenance of specific types of projects and facilities to advance the health, prosperity, and economic welfare of the County's citizens by retaining and creating jobs and attracting new business.

Note 2 - Summary of Significant Accounting Policies

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The Agency's deposits and investment policies are governed by State statutes. The Agency has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Agency is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Agency has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school Agency subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The Agency follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Agency does not invest in any long-term investment obligations.

Orange County Industrial Development Agency
(A Discretely Presented Component Unit of the Orange County, New York)

Notes to Schedule of Cash and Investments (Concluded)
Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies (Continued)

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Agency's name. The Agency had a bank balance of \$150,000 that was not covered by depository insurance and was exposed to custodial credit risk at December 31, 2023.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Agency does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Agency's investment policy limits the amount on deposit at each of its banking institutions.

Note 3 - Investments

Investments held in the Agency at December 31, 2023 consisted of the following:

<u>Investment Type</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>
Certificate of deposit	June 22, 2022	May 22, 2024	\$ 400,000
Certificate of deposit	May 24, 2023	February 20, 2024	1,500,000
Certificate of deposit	September 9, 2023	March 6, 2024	1,000,000
U.S. treasury bill	October 5, 2023	January 4, 2024	2,999,136
			<u>\$ 5,899,136</u>

Certificates of deposit and U.S treasury bills are not subject to provisions of fair value measurements as they are recorded at cost.

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of the Schedule of Cash and Investments
Performed in Accordance With *Government Auditing Standards***

Independent Auditors' Report

**The Board of Directors of the
Orange County Industrial Development Agency**

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 Schedule of Cash and Investments ("Schedule") of the Orange County Industrial Development Agency (a discretely presented component unit of the County of Orange, New York) ("Agency") as of December 31, 2023 and the related notes to the Schedule, and have issued our report thereon dated March 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the Schedule, we considered the Agency's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule, 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 Schedule 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's Schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, investment policies established by the Agency and the New York State Comptroller investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the Schedule. 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.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

March 19, 2024