



Empowering Businesses. Inspiring Growth.

Jeffrey Crist, Chairman • **Dean Tamburri**, Vice Chairman • **Vincent Odock**, Secretary
Susan Walski, Board Member • **Marc Greene**, Board Member • **Giovanni Palladino**, Board Member
William Fioravanti, Chief Executive Officer • **Susan R. Katzoff**, General Counsel • **Christopher C. Canada**, Bond Counsel

Audit Committee Agenda

PLEASE TAKE NOTICE, The Orange County Industrial Development Agency will hold a Audit Committee Meeting on March 13th, 2024, at 4:00 PM at the Orange County IDA Headquarters, 4 Crotty Lane, Suite 100, New Windsor, NY 12553 to consider and/or act upon the following:

Order of Business

- **Call Meeting to Order**
- **Roll Call**
- **Proof of Notice**
- **Minutes**
 - Approval of Minutes from March 9th, 2023
 - Approval of minutes from March 22nd, 2023
- **New Business**
 - Annual Financial Audit Review and Approval
- **Adjournment**

To watch the livestream, please visit our website: www.ocnyida.com

Dated: March 11, 2024

By: William Fioravanti – Chief Executive Officer

Orange County Industrial Development Agency
4 Crotty Lane, Suite 100 • New Windsor, NY 12553
Phone : (845) 234-4192 • Fax : (845) 220-2228 • Email : business@ocnyida.com



Empowering Businesses. Inspiring Growth.

Jeffrey Crist, • Chairman • **Dean Tamburri**, Vice Chairman • **Vincent Odock**, Secretary

Susan Walski, Board Member • **Marc Greene**, Board Member • **Giovanni Palladino**, Board Member

William Fioravanti, Chief Executive Officer • **Susan R. Katzoff**, General Counsel • **Christopher C. Canada**, Bond Counsel

Date: February 28, 2024
From: Jeffrey D. Crist
RE: Next Meeting Date

OCIDA Audit Committee Meeting Notice

The next Audit Committee Meeting of the
Orange County Industrial Development Agency is:

**Wednesday, March 13, 2024
at 4:00pm**

**OC IDA Headquarters
4 Crotty Lane, Suite 100
New Windsor, NY 12553**

To watch the livestream, please visit our website: www.ocnyida.com

Orange County Industrial Development Agency
4 Crotty Lane, Suite 100 • New Windsor, NY 12553
Phone: (845) 234-4192 • Fax: (845) 220-2228 • Email: business@ocnyida.com

Orange County Industrial Development Agency
4 Crotty Lane
New Windsor, NY 12553
(845) 234-4192

Audit Committee Minutes
Thursday, March 9, 2023

Due to the declaration of a public health emergency and the social distancing requirements imposed at the Federal, State and local level, this meeting was held in accordance with Executive Order 202.1 by video/telephone conference that was made available to the public.

Committee Members Present: Susan Walski, Marc Greene, James Rinaldi

Other Board Members Present: Dean Tamburri

Staff Present: Bill Fioravanti, Kelly Reilly, Dean Brady (AV, via Zoom)

Others Present: Melissa Szot, Coleen Harris (PKF O'Connor Davies), George Thompson (LAN Associates), Derek Longo, Evan Kaplan, Mario Titolo, Reuben Goldstein (Convergent Energy and Power)

I. Call Meeting to Order

Chairman Walski called the meeting to order at 5:41 pm.

II. Pledge of Allegiance

III. Roll Call

Mr. Fioravanti acknowledged all the Committee members present.

IV. New Business

2022 Financial Audit Review - PKF O'Connor Davies, LLP: Ms. Szot gave an overview of the 2022 audit in draft form for the OCIDA and the OCFC and reviewed what the firm's responsibility was in performing the audit to ensure that the OCIDA's current controls keeps them in compliance. She reported no fraud or deficiency for 2022 and recommended formalized documenting for credit card usage. She noted the decrease of operating revenue and expenses, the increase of interest income and the effect that phasing out the Business Accelerators had on the bottom line as well as recent payments made to the Agents of the IDA as voted upon by the

current Board. Ms. Reilly will send the 2022 Audit draft to the full Board for review in preparation for the full Board meeting.

A MOTION TO ACCEPT THE DRAFT OF THE 2022 OCIDA AND OCFC AUDIT SUBJECT TO THE REVIEW AND APPROVAL BY THE FULL BOARD WAS MADE BY MR. GREENE, SECONDED BY MR. TAMBURRI, AND PASSED UNANIMOUSLY.

West Warwick Energy Storage 1, 2, & 3 exemption requests: Mr. Fioravanti explained the reason why a project would make such a request and noted that it is typically due to specialty items to maintain equipment warranties. Mr. Thompson noted that the West Warwick 1 site is completed and in the testing phase, the West Warwick 2 site has received shipment of the batteries which they will hook up and later test, and the West Warwick site is slated to begin in the next several weeks. Members of the Board suggested including a questionnaire in the application process that asks specifically whether the project anticipates the need for specialty exemptions. The Board discussed creating a database of local unions that can do specialized work. The Board also discussed ensuring open dialogue between local labor monitors and general contractors to avoid projects from starting before exemptions are discussed. Mr. Longo noted that he developed Convergent's contract to include the OCIDA's requirements and shared it with the general contractor and stated that Powin Centipede System requested the exemptions because they already had approved sub-contractors. Mr. Fioravanti stated that exemptions are often problematic, and he would like to discuss ways on making it work better for the projects while still maintaining the 85% local labor standard.

A MOTION TO ACCEPT THE FOUR LOCAL LABOR LAW VERIFIED EXEMPTION REQUEST AS PRESENTED WAS MADE BY COMMITTEE CHAIR WALSKI, SECONDED BY MR. RINALDI, AND PASSED UNANIMOUSLY.

V. Adjournment

A MOTION TO ADJOURN THE MEETING WAS MADE BY COMMITTEE CHAIR WALSKI, SECONDED BY MR. GREENE, AND PASSED UNANIMOUSLY.

THE MEETING CLOSED AT 6:47 PM.

Orange County Industrial Development Agency
4 Crotty Lane
New Windsor, NY 12553
(845) 234-4192

Audit Committee Minutes
Wednesday, March 22, 2023

Due to the declaration of a public health emergency and the social distancing requirements imposed at the Federal, State and local level, this meeting was held in accordance with Executive Order 202.1 by video/telephone conference that was made available to the public.

Committee Members Present: Susan Walski, Marc Greene, James Rinaldi

Other Board Members Present: Dean Tamburri

Staff Present: Bill Fioravanti, Kelly Reilly, Dennis Brady, (A/V, via Zoom)

Others Present: Brian Poitras (Royal Wine/GFI), Mark Fellenzer, Matt Fellenzer, Leif Ronaldson, Will Duffy, Johnathan Gross (Legal Counsel, Royal Wine), Morris Helfgott (Royal Wine/GFI)

I. Call Meeting to Order

Committee Chair Walski called the meeting to order at 4:04 pm.

II. Pledge of Allegiance

III. Roll Call

Mr. Fioravanti acknowledged the Committee members present.

IV. Minutes

April 20, 2022, Audit Committee Meeting
March 9, 2023, Audit Committee Meeting

Minutes tabled until further review by new Committee members.

V. New Business

Goshen Developer JV, LLC & Royal Wine Corp. Exemption Requests – Fellenzer Engineering, LLP: Mr. Fioravanti reviewed how the OCIDA interprets, enforces, and monitors its local labor policy and noted that Fellenzer Engineering has done a great job so far at enforcing

the policy and locally sourcing materials and labor. Mr. Fellenzer reviewed the exemption request and the reason for it and stated that reason for the request was not the cost differential but the warranty issues, the ability of local steel erectors to erect a pre-engineered building of this size and under such a delicate timeline. Mr. Fellenzer assured the Board of his firm's diligence in monitoring this project and connecting them to local labor firms for any parts of the project that do not require specialty work because of the warranty. Committee Chair Walski opened the floor for discussion. Mr. Ronaldson confirmed that for food manufacturing, dust and bacteria are a specific concern and that the firm designated to erect the building must be a certified Butler builder. Acting Board Chair asked about the possibility of the installer using local labor and Mr. Fellenzer advised that it is a possibility that could be worked out with the developer and that he had made some calls regarding concrete installers. Board member Greene asked how much of local labor had been used thus far and if Royal Wine anticipated any future exemption requests. Mr. Ronaldson stated that they don't have numbers yet because steel and erecting have been an obstacle. He stated that if the project came back to the OCIDA with another request it would be because of a specialty for which local labor would not be an option. Mr. Greene also asked where the specialized contractor is from, and Mr. Ronaldson named Merit Builders, Inc. as the contractor and stated that they were from Maryland. He noted that they were the biggest and highest qualified erector team.

A MOTION TO APPROVE THE EXEMPTION REQUEST ON THE BASIS OF SPECIALTY AND WARRANTY WAS MADE BY COMMITTEE CHAIR WALSKI, SECONDED BY MR, GREENE, AND PASSED UNANIMOUSLY.

VI. Adjournment

A MOTION TO ADJOURN THE MEETING WAS MADE BY COMMITTEE CHAIR WALSKI, SECONDED BY MR. RINALDI, AND PASSED UNANIMOUSLY.

THE MEETING CLOSED AT 4:45 PM.



Orange County Industrial Development Agency

Melissa Szot, CPA, CGMA

Partner

Marc Callinan, CPA

Director

March 13, 2024

**KNOW
GREATER
VALUE.**

Agenda – Table of Contents

- Overview & Required Communications
- Year over Year Change
 - Summary
 - Revenues
 - Major Expenses
 - Balance Sheet

Required Communications

- Management's Responsibility
 - Selecting and implementing appropriate accounting policies
 - Fairly presenting the financial statements in accordance with U.S. GAAP
 - Establishing and maintaining effective internal control over financial reporting
 - Compliance with laws, regulations and provisions of contracts and agreements
 - Providing all financial records and related information to the auditors

Required Communications (cont.)

- Our Responsibility
 - Form and express an opinion
 - Independent Auditors' Opinion: Unmodified Opinion
 - Yellow Book Report
 - Investment Report
 - Communicate in writing deficiencies in internal controls
 - Advise management of appropriateness of accounting policies
 - Communicate any fraud or illegal acts that are noted during the audit
 - We encountered no significant difficulties
 - No uncorrected misstatements noted
 - No disagreements with management
 - Maintained auditor independence

Year Over Year Change – Summary

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Total Operating Revenues	597,540	536,932	60,608
Total Operating Expenses	906,703	1,119,568	(212,865)
Income (Loss) from Operations	(309,163)	(582,636)	273,473
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	279,471	42,752	236,719
Loss on disposal of assets	-	(422,685)	422,685
Total Non-Operating Revenues (Expenses)	279,471	(379,933)	659,404
Change in Net Position	(29,692)	(962,569)	932,877
NET POSITION			
Beginning of year	9,482,936	10,445,505	(962,569)
End of year	<u>\$ 9,453,244</u>	<u>\$ 9,482,936</u>	<u>\$ (29,692)</u>

Year Over Year Change – Revenues

	2023	2022	Change
REVENUES			
Operating Revenue			
Closing fees	\$ 542,081	\$ 195,000	\$ 347,081
Rental income	23,355	59,075	(35,720)
Application fees	20,000	27,500	(7,500)
Administrative fees	-	204,393	(204,393)
Other income	12,104	50,964	(38,860)
Total Operating Revenue	597,540	536,932	60,608
Non-Operating Revenue			
Interest Income	279,471	42,752	236,719
Total Revenues	\$ 877,011	\$ 579,684	\$ 297,327

Year Over Year Change – Expenses

	2023	2022	Change
EXPENSES			
Projects and special initiatives	\$ 147,500	\$ 26,000	121,500
Payroll	261,467	244,745	16,722
Payroll taxes	120,712	55,680	65,032
Rent	49,572	252,502	(202,930)
Professional fees	126,086	215,628	(89,542)
Advertising	67,841	49,726	18,115
Utilities	15,108	20,067	(4,959)
Insurance	18,957	20,208	(1,251)
Depreciation/Amortization	42,404	63,271	(20,867)
Total Major Operating Expenses	849,647	947,827	(98,180)
Other Operating Expenses	57,056	171,741	(114,685)
Loss on disposal of assets	-	422,685	(422,685)
Total Expenses	\$ 906,703	\$ 1,542,253	\$ (635,550)
% of Major Expenses to Total Expenses	94%	89%	

Year Over Year Change – Balance Sheet

	2023	2022	Change
ASSETS			
Cash and equivalents	\$ 3,620,611	\$ 3,971,432	\$ (350,821)
Investments	5,899,136	5,458,649	440,487
Accounts receivable, net of allowance	8,865	22,815	(13,950)
Due from other governments	300	66,932	(66,632)
Prepaid expenses	3,701	15,146	(11,445)
Capital assets being depreciated/amortized, net	162,584	62,890	99,694
Total Assets	9,695,197	9,597,864	97,333
LIABILITIES			
Accounts payable and accrued expenses	129,225	109,355	19,870
Deposits payable	861	3,774	(2,913)
Due to component unit	-	1,799	(1,799)
Leases Payable	111,867	-	111,867
Total Liabilities	241,953	114,928	127,025
NET POSITION			
Investment in capital assets			
Unrestricted	50,717	62,890	(12,173)
Designated	300,000	225,000	75,000
Undesignated	9,102,527	9,195,046	(92,519)
Total Net Position	\$ 9,453,244	\$ 9,482,936	\$ (29,692)

Contact Us

Melissa Szot, CPA, CGMA
Partner
mszot@pkfod.com | 914-341-7096

Marc Callinan, CPA
Director
mcallinan@pkfod.com | 914-381-8900

"PKF O'Connor Davies" is the brand name under which PKF O'Connor Davies LLP and PKF O'Connor Davies Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. PKF O'Connor Davies LLP is a licensed CPA firm that provides attest services and PKF O'Connor Davies Advisory LLC and its subsidiary entities provide tax and advisory services. PKF O'Connor Davies is a member of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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

Report to Those Charged with Governance

December 31, 2023

March xx, 2024

Prepared by

Melissa Szot, CPA, CGMA

Partner

mszot@pkfod.com

**KNOW
GREATER
VALUE**

March xx, 2024

Members of the Board of Directors
Orange County Industrial Development Agency
4 Crotty Lane, Suite #100
New Windsor, New York 12553

We have audited the financial statements of the Orange County Industrial Development Agency (a discretely presented component unit of the County of Orange, New York) ("Agency") as of and for the year ended December 31, 2023 and have issued our report thereon dated March xx, 2024.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated December 27, 2022. Professional standards also require that we communicate to you the following information related to our audit.

We are pleased to be of service to you and the Agency and appreciate the opportunity to present our audit findings to you. We are also pleased to discuss other matters which may be of interest to you and to answer any questions you may have.

This information is intended solely for the information and use of Those Charged with Governance and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

PKF O'Connor Davies, LLP

Contents

Status of the Audit	4
Required Communications and Other Matters.....	5
Internal Control Over Financial Reporting	10
On the Horizon.....	12

Appendices

- 1 – Corrected Misstatements
- 2 – Management Representation Letter
- 3 – About PKF O'Connor Davies, LLP

DRAFT

Status of the Audit

Audit of Financial Statements

- Audit fieldwork is complete.
- The financial statements have been drafted and reviewed by management.
- We have issued an unmodified report on the financial statements.
- PARIS report is required to be filed by March 31, 2024.

DRAFT

Required Communications and Other Matters

Required Item	Comments
<p>Auditor's responsibility under professional standards and planned scope and timing of the audit</p>	<p>We have communicated such information in our engagement letter to you dated December 27, 2022. Generally, these responsibilities include:</p> <ul style="list-style-type: none"> • Forming and expressing an opinion on the financial statements. • Obtaining <i>reasonable assurance</i> that the financial statements are <i>free of material misstatements</i>, whether caused by error or fraud. • Accumulating and communicating uncorrected misstatements to Those Charged with Governance ("TCWG"). • Maintaining professional skepticism. • Communicating audit related matters that are, in our professional judgment, significant to TCWG.
<p>Supplementary information accompanying the financial statements</p>	<p>Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America.</p>
<p>Other supplementary information accompanying the financial statements</p>	<p>Our responsibility for the other supplementary information accompanying the financial statements is to read the other supplementary information and consider whether a material inconsistency exists between the other supplementary information and the financial statements, or the other supplementary information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other supplementary information exists, we are required to describe it in our report.</p>

Required Item	Comments
<p>Required supplementary information accompanying the financial statements</p>	<p>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 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.</p>
<p>Other information in documents containing audited financial statements</p>	<p>Our responsibility as auditors for other information in documents containing the audited financial statements does not extend beyond the financial information identified in the auditors' report, and we are not required to perform any procedures to determine that such other information is properly stated.</p>
<p>Our responsibilities under the Yellow Book</p>	<p>In connection with our audit we performed tests of the Agency's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.</p>
<p>Responsibilities of management and TCWG</p>	<p>Management's responsibilities include:</p> <ul style="list-style-type: none"> • The fair presentation of the financial statements, including the selection of appropriate accounting policies. • Establishing and maintaining effective internal control. • Complying with laws, regulations, grants and contracts. • Providing the auditors with all financial records and related information and a signed representation letter. • Evaluate if there are any 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. • Setting the proper tone at the top. • Designing and implementing policies and controls to prevent and detect fraud. <p>TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.</p>

Required Item	Comments
<p>Qualitative aspects of accounting practices - Accounting Policies</p>	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except for the adoption of the provisions of Governmental Accounting Standards Board Statement No. 96, "Subscription-Based Information Technology Arrangements". The Agency evaluated the impact of the statement and determined the amounts were not material to the financial statements.</p> <p>The accounting policies of the Agency conform to U.S. generally accepted accounting principles as applicable to state and local governments. The Agency's reports are based on all applicable GASB pronouncements.</p> <p>We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus.</p> <p>All significant transactions have been recognized in the financial statements in the proper period.</p>
<p>Qualitative aspects of accounting practices – Significant Unusual Transactions</p>	<p>No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions.</p>
<p>Qualitative aspects of accounting practices - Accounting Estimates and Management's Judgment</p>	<p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.</p> <p>Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were:</p> <ul style="list-style-type: none"> • Asset lives for depreciable capital assets • Estimates of certain receivable balances and allowances for uncollectible amounts • Estimates for certain operating and long-term liabilities

Required Item	Comments
Qualitative aspects of accounting practices - Financial Statement Disclosures	<p>Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are:</p> <ul style="list-style-type: none"> • Fund balances • Deferred Compensation plan information <p>The financial statement disclosures are neutral, consistent and clear.</p>
Going concern	<p>The auditor is required to communicate with TCWG events or conditions that, when considered in the aggregate; indicate a substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.</p> <p>We concur with management's assessment that the Agency will continue as a going concern for one year from the balance sheet date.</p>
Significant risks	<p>In most audits, one or more of the following significant risks normally arise:</p> <ul style="list-style-type: none"> • Management override of internal controls • Improper revenue recognition due to fraud <p>The audit procedures applied as a result of the aforementioned significant risks were designed to and have reduced the risk of material misstatement to low.</p>
Difficulties encountered in performing the audit	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
Corrected and uncorrected misstatements	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit (including passed adjustments and omitted financial statement disclosures), other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.</p> <p>In addition, corrected misstatements that were brought to the attention of management as a result of our audit procedures are also included in Appendix 1.</p>

Required Item	Comments
Disagreements with management	For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of the audit.
Management representations	We have requested certain representations from management that are included in the management representation letter (see Appendix 2).
Management's consultations with other accountants	In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.
Auditor independence	We affirm that PKF O'Connor Davies, LLP is independent with respect to the Agency in accordance with relevant professional standards.
Significant issues discussed with management prior to retention	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Orange County Industrial Development Agency (a discretely presented component unit of the County of Orange, New York) ("Agency") 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion.

Professional standards require that we communicate to you, in writing, all significant deficiencies and/or material weaknesses in internal control that we identify in performing our audit. For this purpose, deficiencies in internal control are categorized as follows:

- 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 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 and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, we share for your consideration on the following pages other observations about the internal control and operations.

This communication is intended solely for the information and use of management and others charged with governance and is not intended to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these communications and comments in further detail at your convenience, or to assist you in implementing the recommendations.

Harrison, New York
March xx, 2024

Orange County Industrial Development Agency

Other Matters

- **Develop Formal Capitalization Policy on Capital Assets**

Although the Agency does include a capitalization threshold in its "Disposition of Property Policy Guidelines" of \$5,000, best practice requires a capitalization policy to include the following items:

- Definition of capital asset
- Capital assets are recorded at historical cost as of the date acquired
- Retainage of documentation supporting acquisition cost

Recommendation

We recommend that the Agency document its procedures surrounding this area to ensure there are formal policies in place regarding the capitalization of capital assets. A well-structured policy can be very helpful in ensuring that proper procedures and related internal controls are in place and consistently followed.

On the Horizon

GASB Statement No. 101 – *Compensated Absences*

Under this Statement, the liabilities for compensated absences is required to be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The Statement establishes guidance for measuring the liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. Measurement for the liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made.

The Statement does allow recognition of certain types of compensated absences until the leave commences, including parental, military and jury duty leave.

Further, the Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability, as long as it is identified as a net change. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

Governments should review this standard early to anticipate what changes might need to be made to policies, accounting procedures, laws and regulations. The provisions of this Statement are **effective for fiscal years beginning after December 15, 2023 (i.e., the Agency's financial statements for the year ended December 31, 2024).**

Appendix 1

Corrected Misstatements

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
To post the impact of Governmental Accounting Standards Board Statement No. 87, "Leases" based on the analysis of new leases entered into by the Agency.			
10500	Right-to-Use Asset Building	\$ 142,098	\$
69201	Lease Interest	4,164	
69500	Amortization Expense	31,577	
17500	Accumulated Amort		31,577
20200	Interest Payable		466
20220	Lease Liability - ST		46,353
20221	Lease Liability - LT		65,514
62002	Building Expenses: Building Rent		33,929
Total		<u>\$ 177,839</u>	<u>\$ 177,839</u>

Appendix 2

Management Representation Letter

DRAFT

March xx, 2024

PKF O'Connor Davies, LLP
500 Mamaroneck Avenue, Suite 301
Harrison, New York 10528

This representation letter is provided in connection with your audit of the financial statements of the Orange County Industrial Development Agency (a discretely presented component unit of the County of Orange, New York) ("Agency") which comprise the statement of net position as of December 31, 2023, and the related statement of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter, the following representations made to you during your audit:

Our Responsibilities

- 1) We acknowledge that we have fulfilled our responsibilities as set forth in the terms of the engagement letter dated December 27, 2022 for:
 - a) The preparation and fair presentation of the financial statements in accordance with US GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
 - b) 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; and
 - c) The design, implementation, and maintenance of internal control to prevent and detect fraud.
- 2) We understand that the term "fraud" refers to intentional acts by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements. Two types of intentional misstatements are relevant to your audit – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Fraudulent financial reporting involves intentional misstatements, including omissions of amounts or disclosures in financial statements to deceive financial statement users. Misappropriation of assets involves the theft of an entity's assets.
- 3) In regard to the financial statement preparation non-attest services performed by you, we have:

- a) Assumed all management responsibilities.
 - b) Designated individuals within senior management, who have suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the result of the services.
- 4) We acknowledge our responsibility for presenting the financial statements and supplemental schedules in accordance with US GAAP, and we believe the financial statements and supplemental schedules, including its form and content, is fairly presented in accordance with US GAAP. The methods of measurement and presentation of the financial statements and supplemental schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Financial Statements

- 5) The financial statements referred to above are fairly presented in conformity with US GAAP and include all disclosures necessary for such fair presentation. In that connection, we specifically confirm that:
- a) The Agency's accounting policies, and the practices and methods followed in applying them, are appropriate and are as disclosed in the financial statements.
 - b) There have been no changes during the period audited in the Agency's accounting policies and practices.
 - c) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 6) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 7) The following, where they exist, have been appropriately disclosed to you and accounted for and/or disclosed in the financial statements in accordance with the requirements of US GAAP:
- a) The identity of all related parties and related party relationships and transactions including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the Agency is contingently liable, if any.
 - c) The effects of all known actual, possible, pending or threatened litigation, claims and assessments.
- 8) We have evaluated events subsequent to the date of the financial statements through the date of this letter, and no such events have occurred which would require adjustment or disclosure in the financial statements. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 9) We are in agreement with the adjusting journal entries you have proposed and they have been posted to the Agency's accounts.

Information Provided

- 10) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, if applicable.
 - c) Additional information that you have requested from us for the purpose of the audit.
 - d) Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence.
 - e) Completeness and availability of all minutes of the meetings of the Agency or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - f) All significant contracts and agreements.
 - g) All documents and records provided electronically are accurate and complete reproductions of the original documents and records.
- 11) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. Based on our assessment, we did not identify any fraud risks that we believe would result in a material misstatement of the financial statements.
- 12) There are no deficiencies in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the Agency's ability to initiate, authorize, record, process, and report financial data reliably in accordance with US GAAP.
- 13) We have no knowledge of any fraud or suspected fraud that affects the Agency and involves:
- a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

Hosting Services

- 16) We acknowledge that electronic portals used during the audit are only a method of transferring data and the data may be deleted by you at any time.
- 17) We are responsible for maintaining our financial and non-financial information, licensing and hosting of any applications, and downloading and retaining anything you uploaded to such portal in a timely manner.

Government—specific

- 18) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 19) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 20) The Agency has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balance or net position.

- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 22) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that we believe have a material effect on the financial statements.
- 23) There are no violations or possible violations of budget ordinances/resolutions, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 24) As part of your audit, you assisted with preparation of the financial statements and. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably with senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services We have reviewed, approved, and accepted responsibility for those financial statements and disclosures. We also understand that as part of your audit, you prepared various adjusting journal entries and acknowledge that we have reviewed and approved those entries and accepted responsibility for them.
- 25) The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 26) The Agency has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 27) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 28) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 29) The financial statements include all fiduciary activities required by GASB Statement No. 84.
- 30) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.
- 31) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 32) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 33) Investments are properly valued.

- 34) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of revenues, expenses and changes in net position within operating revenues and non-operating revenues.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities are properly classified as to risk and properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 41) Capital assets, including intangible assets, have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.
- 42) We have appropriately disclosed the Agency's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 45) The Agency has agreements that meet the definition of leases contained in GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*". However, the total value of the subscription arrangements for the year ended December 31, 2023 was deemed immaterial, therefore, the related amounts and disclosures have been excluded from these financial statements.
- 46) Expenditures of federal awards were below the \$750,000 threshold for the year ended December 31, 2023, and we were not required to have an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance").

Signature: _____
Bill Fioravanti

Title: Chief Executive Officer

Appendix 3

About PKF O'Connor Davies, LLP

DRAFT



Founded in 1891, PKF O'Connor Davies has evolved from a regional accounting firm to an emerging national leader with more than 1,500 professionals and 18 offices in the U.S. Our team of top-notch professionals deliver a complete range of audit, tax and advisory services to a diverse and growing global client base. By bringing together a boutique firm culture with big-firm resources, we have a unique ability to connect with clients on a deeper level and create value where others can't.

REGIONAL CONNECTIONS BACKED BY GLOBAL EXPERTISE

We are the lead North American firm in the PKF International network of independent accounting and advisory firms with offices in over 400 cities, in 150 countries around the world. It's a relationship that delivers unmatched access to global expertise and strengthens our ability to serve clients anywhere in the world as their needs and their businesses continue to evolve.

PROACTIVE SERVICE MODEL, ENGAGED PARTNER BASE

With a proven, proactive service model and an engaged Partner base, PKF O'Connor Davies has built long-lasting, valuable relationships with our clients.

Our Partners are actively involved in the day-to-day management of engagements, ensuring a high degree of client service and cost effectiveness. The Firm's seasoned professional staff members employ a team approach to all engagements, providing clients with the utmost quality and timely services aimed at helping them succeed.

KNOW GREATER VALUE

Our unwavering focus on value has consistently driven growth and delivered strong outcomes for our clients and our Firm. PKF O'Connor Davies currently ranks 25th on *Accounting Today's* 2023 "Top 100 Firms" list and continually gains acclaim as one of the country's fastest-growing firms. With more professionals, in more places every day, our teams are on the ground, at the ready and in the know. As the world changes, PKF O'Connor Davies clients will always Know Greater Value.

INDUSTRY RECOGNITION

Ranked 25 of "2023's Top 100 Firms"
Accounting Today, 2023

"America's Best Tax and Accounting Firms"
Forbes, 2023

"Top Tax Firm"
Accounting Today, 2023

Ranked 5 of the "Top Firms in the Mid-Atlantic"
Accounting Today, 2023

"Best Places to Work in Westchester"
914INC., 2023

Ranked 10 of the 50 "Best Accounting Employers to Work for in North America"
Vault, 2024

Ranked #1 in Three Diversity Categories
Vault, 2024

"Accounting/Due Diligence Firm of the Year"
The M&A Advisor, 2023

"Best Accountancy Advisor"
Family Wealth Report Awards, 2022

"Best Family Office Management Consultancy"
Family Wealth Report Awards, 2022

"Best Accounting Firm in Westchester"
914INC., 2022

"Best Places to Work in New Jersey"
NJBIZ, 2023

KNOW GREATER VALUE

At PKF O'Connor Davies we maintain a relentless commitment to understanding each client's operations and financial history so we can uncover every challenge, help meet every objective and exceed expectations. Through our unwavering client focus we create deeper connections, delivering tailored support and expertise that drive real-world value.



ACCOUNTING AND ASSURANCE SERVICES

- Accounting Outsourcing
- Agreed-Upon Procedures (AUPs)
- Audits, Reviews and Compilations
- Elite Accounting Services
- Employee Benefit Plans
- Endowment Fund Accounting
- International Financial Reporting Standards (IFRS)
- IT Audit and Cybersecurity Reviews
- Peer Review
- Public Company Accounting Oversight Board (PCAOB)
- Public Sector Audits and Compliance



ADMINISTRATION SERVICES

- Fund Administration Services
- Outsourced CFO Services
- Outsourced Portfolio Company Accounting



ADVISORY SERVICES

- Bankruptcy and Restructuring
- Cybersecurity and Privacy Advisory Services
- Dark Web Monitoring Services
- Digital Forensic Services
- ESG, Sustainability and Impact Optimization
- Family Advisory Services
- Forensic, Litigation and Valuation Services
- Management Consulting Services
- Matrimonial Services
- Operational and Cost Effectiveness
- PPP Loan Forgiveness Services
- Private Client/Business Owner Services
- Recruiting and Human Resources Consulting
- Risk Advisory Services
- Strategy and Transformation
- System Organization Control (SOC) Reports
- Transaction and Financial Advisory Services
- Virtual Chief Information Security Officer Services (vCISO)
- Wealth Services
- Services Offered by PKF Clear Thinking – Turnaround Advisory, Performance Improvement and Creditors' Rights



FAMILY OFFICE SERVICES

- Accounting and Reporting
- Advisory
- Charitable Giving
- Family Advisory Services
- Investment Monitoring and Oversight
- Lifestyle Support
- Personal Financial Management
- Tax Planning
- Wealth Planning



INTERNATIONAL SERVICES

- China Desk
- General Data Protection Regulation (GDPR)
- German Desk
- Latin America Desk
- Transfer Pricing



INVESTMENT BANKING SERVICES

- Acquisition Advisory
- Exit Readiness and Transaction Planning
- Sell-Side Advisory



TAX COMPLIANCE AND PLANNING SERVICES

- Employee Benefit Planning and Tax Compliance
- International Tax Services
- IRS Representation and Tax Controversies
- Personal Financial Planning
- Private Client/Business Owner Services
- Private Foundation Services
- State and Local Tax (SALT)
- Tax Compliance and Reporting
- Tax Research and Strategic Planning
- Tax-Exempt Organizations
- Trust and Estate Planning

"PKF O'Connor Davies" is the brand name under which PKF O'Connor Davies LLP and PKF O'Connor Davies Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. PKF O'Connor Davies LLP is a licensed CPA firm that provides attest services and PKF O'Connor Davies Advisory LLC and its subsidiary entities provide tax and advisory services. PKF O'Connor Davies is a member of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.



pkfod.com

Orange County Industrial Development Agency

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

Financial Statements
and Supplementary Information

Year Ended December 31, 2023

DRAFT

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
Required Supplementary Information Management's Discussion and Analysis	4
Statement of Net Position	
Statement of Revenues, Expenses and Changes in Net Position	7
Statement of Cash Flows	8
Notes to Financial Statements	9
Other Supplementary Information	
Statement of Indebtedness – Bonds and Notes	18
Statement of Indebtedness – Straight Lease Transactions	20
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>Government Auditing Standards</i>	26



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the discretely presented component units of the Orange County Industrial Development Agency (a discretely presented component unit of the County of Orange, New York) ("Agency"), 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 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 governmental activities and the discretely presented component unit of the Agency, as of December 31, 2023 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 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.

Responsibilities of Management for the Financial Statements

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

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

PKF O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | www.pkfod.com

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Auditors' 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 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 Management's Discussion and Analysis included under Required Supplementary Information in the accompanying table of contents 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 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 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.

Other Supplementary Information

Management is responsible for the other supplementary information included in the annual financial report. The other supplementary information consists of Statement of Indebtedness - Bonds and Notes and Statement of Indebtedness - Straight Lease Transactions but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other supplementary information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other supplementary information and consider whether a material inconsistency exists between the other supplementary information and the financial statements, or the other supplementary information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other supplementary information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **March XX, 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.

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

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

Management's Discussion and Analysis (Unaudited)
For the year ended December 31, 2023

The following Management's Discussion and Analysis ("MD&A") of the Orange County Industrial Development Agency ("Agency") provides as an introduction and overview of the financial statements of the Agency for the year ended December 31, 2023. Management's Discussion and Analysis is Required Supplementary Information specified in the Government Accounting Standards Board ("GASB") Statement No. 34. Following this MD&A are the annual financial statements of the Agency together with the notes to financial statements which are important to understanding the data presented in the financial statements. This MD&A highlights certain supplementary information to assist with the understanding of the Agency's financial operations.

Financial Highlights for the Year 2023

- The Agency's net position increased by \$41,396 from \$11,318,347 to \$11,359,743.
- Operating revenues decreased by \$45,009 from \$645,049 to 600,040.
- Operating expenses decreased by \$206,327 from \$1,129,524 to \$923,197.

Summary of Operations

	Years Ended December 31,		Change
	2023	2022	
REVENUES			
Fees, net of refunds	\$ 564,581	\$ 535,010	\$ 29,571
Rental income	23,355	59,075	(35,720)
Other income	12,104	50,964	(38,860)
Interest income	364,553	46,851	317,702
Total Revenues	964,593	691,900	272,693
EXPENSES			
Administrative	732,094	1,035,968	(303,874)
Projects and special initiatives	148,699	30,285	118,414
Depreciation/amortization	42,404	63,271	(20,867)
Loss on disposal of assets	-	422,685	(422,685)
Total Expenses	923,197	1,552,209	(629,012)
Change in Net Position	41,396	(860,309)	901,705
NET POSITION			
Beginning of year	11,318,347	12,178,656	(860,309)
End of year	\$ 11,359,743	\$ 11,318,347	\$ 41,396

Financial Position Summary

Net position serves as an indicator of the Agency's resources to conduct operations. The Agency's net position was \$11,359,743 and \$11,318,347 on December 31, 2023 and 2022, respectively.

For details of the Agency's finances, see the accompanying financial statements and notes thereof.

Overview of the Financial Statements

This annual report consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements, and Other Supplementary Information. The Financial Statements include notes, which explain in detail some of the information included in the basic financial statements.

Required Financial Statements

The Financial Statements of the Agency report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles generally accepted in the United States of America. The Statement of Net Position include information on the Agency's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Agency's creditors (liabilities). The Statement of Revenues, Expenses and Changes in Net Position identify the Agency's revenues and expenses for the years ended December 31, 2023. This statement provides information on the Agency's operations over the past year and can be used to determine whether the Agency has operated in a surplus or deficiency.

Financial Analysis of the Agency

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position provide an indication of the Agency's financial condition and also indicate that the financial condition of the Agency has improved or deteriorated during the last year. The Agency's net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition.

Request for Information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency finances. Questions and comments concerning any information provided in this report or requests for additional information should be addressed to the Chief Executive Officer, Orange County Industrial Development Agency, 4 Crotty Lane, Suite 100, New Windsor, New York 12553.

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

Statement of Net Position
December 31, 2023

	Primary Government <u>OCIDA</u>	Component Unit <u>OCFC</u>	<u>Total</u>
ASSETS			
Cash and equivalents	\$ 3,620,611	\$ 1,368,901	\$ 4,989,512
Investments	5,899,136	547,208	6,446,344
Receivables			
Accounts	8,865	-	8,865
Due from other governments	300	-	300
Prepaid expenses	3,701	4,626	8,327
Capital assets being depreciated/amortized, net	162,584	-	162,584
Total Assets	9,695,197	1,920,735	11,615,932
LIABILITIES			
Accounts payable and accrued expenses	129,225	14,236	143,461
Deposits payable	861	-	861
Non-current liabilities			
Due within one year	46,353	-	46,353
Due in more than one year	65,514	-	65,514
Total Liabilities	241,953	14,236	256,189
NET POSITION			
Investment in capital assets	50,717	-	50,717
Unrestricted			
Designated	300,000	-	300,000
Undesignated	9,102,527	1,906,499	11,009,026
Total Net Position	\$ 9,453,244	\$ 1,906,499	\$ 11,359,743

See notes to financial statements

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

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2023

	Primary Government <u>OCIDA</u>	Component Unit <u>OCFC</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services			
Closing fees	\$ 542,081	\$ -	\$ 542,081
Rental income	23,355	-	23,355
Application fees	20,000	2,500	22,500
Other income	12,104	-	12,104
	<u>597,540</u>	<u>2,500</u>	<u>600,040</u>
OPERATING EXPENSES			
Projects and special initiatives	147,500	1,199	148,699
Payroll	261,467	-	261,467
Payroll taxes	120,712	-	120,712
Rent	49,572	-	49,572
Professional fees	126,086	14,536	140,622
Advertising	67,841	-	67,841
Repairs and maintenance	10,870	-	10,870
Telephone	41,273	-	41,273
Utilities	15,108	-	15,108
Office and miscellaneous	11,135	-	11,135
Travel and entertainment	17,885	-	17,885
Loan administration fees	-	1,458	1,458
Bad debt	(28,271)	(6,027)	(34,298)
Insurance	18,957	5,328	24,285
Interest	4,164	-	4,164
Depreciation/amortization	42,404	-	42,404
	<u>906,703</u>	<u>16,494</u>	<u>923,197</u>
Loss from Operations	<u>(309,163)</u>	<u>(13,994)</u>	<u>(323,157)</u>
NON-OPERATING REVENUES			
Interest Income	<u>279,471</u>	<u>85,082</u>	<u>364,553</u>
Change in Net Position	(29,692)	71,088	41,396
NET POSITION			
Beginning of year	<u>9,482,936</u>	<u>1,835,411</u>	<u>11,318,347</u>
End of year	<u>\$ 9,453,244</u>	<u>\$ 1,906,499</u>	<u>\$ 11,359,743</u>

See notes to financial statements

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

Statement of Cash Flows
Year Ended December 31, 2023

	Primary Government <u>OCIDA</u>	Component Unit <u>OCFC</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from closing and other fees	\$ 636,848	\$ 25,972	\$ 662,820
Cash paid for goods and services	(302,376)	(15,690)	(318,066)
Cash paid for salaries and benefits	(382,179)	-	(382,179)
Net Cash from Operating Activities	<u>(47,707)</u>	<u>10,282</u>	<u>(37,425)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(440,487)	(547,208)	(987,695)
Purchase of capital assets	(142,098)	-	(142,098)
Interest income	279,471	85,082	364,553
Net Cash from Investing Activities	<u>(303,114)</u>	<u>(462,126)</u>	<u>(765,240)</u>
Net Change in Cash and Cash Equivalents	(350,821)	(451,844)	(802,665)
CASH AND EQUIVALENTS			
Beginning of year	<u>3,971,432</u>	<u>1,820,745</u>	<u>5,792,177</u>
End of year	<u>\$ 3,620,611</u>	<u>\$ 1,368,901</u>	<u>\$ 4,989,512</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES			
Loss from operations	\$ (309,163)	\$ (13,994)	\$ (323,157)
Adjustments to reconcile loss from operations to net cash from operating activities			
Depreciation/amortization	42,404	-	42,404
Changes in operating assets and liabilities			
Accounts receivable	13,950	-	13,950
Due from other governments	66,632	-	66,632
Due from primary government	-	1,799	1,799
Loan receivable	-	15,646	15,646
Prepaid expenses	11,445	422	11,867
Accounts payable and accrued expenses	19,870	6,409	26,279
Leases payable	111,867	-	111,867
Deposits payable	(2,913)	-	(2,913)
Due to component unit	(1,799)	-	(1,799)
Net Cash from Operating Activities	<u>\$ (47,707)</u>	<u>\$ 10,282</u>	<u>\$ (37,425)</u>

See notes to financial statements

Orange County Industrial Development Agency

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

Notes to Financial Statements

December 31, 2023

Note 1 - Organization

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

A. Financial Reporting Entity

The Agency has been identified as an organization related to the County of Orange, New York ("County"). In accordance with the criteria enumerated in Governmental Accounting Standards Board ("GASB") Statement No. 61, the Agency's financial statements have been discretely presented in the County's financial statements.

The financial reporting entity consists of a) the primary government, which is the Agency, and b) other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

During 2010, the Orange County legislature sponsored the formation of the Orange County Funding Corporation (the "Corporation"), a component unit of the Agency that would work with organizations and local municipalities for the financing of civic facilities. The Corporation is exempt from federal, state, and local income taxes. The Legislature appoints the membership of the Orange County Funding Corporation. The directors of the Orange County Funding Corporation are the same as the Orange County Industrial Development Agency.

B. Basis of Accounting

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Agency reports its operations on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Agency's principal ongoing operation. The principle operating revenue of the Agency are closing fees for bond and note issues as well as straight lease transactions. Operating expenses include personnel services and benefits, professional fees and planning services. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

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

Notes to Financial Statements (Continued)
December 31, 2023

Note 2 - Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities and Net Position

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.

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,

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

Notes to Financial Statements (Continued)
December 31, 2023

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Accounts Receivable

Accounts Receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts, if any, by identifying troubled accounts and by using historical experience applied to an aging of accounts. Management considers accounts receivable to be fully collectible; accordingly, there is no allowance for doubtful accounts.

Prepaid Expenses

Prepaid items represent payments made by the Agency for which benefits extend beyond year end. These items reflect costs applicable to future accounting periods and are recorded as prepaid at the time of purchase and as an expense in the year the goods or services are consumed.

Capital Assets

Capital assets are tangible and intangible assets, which include equipment, furniture, leasehold improvements and right-to-use assets, are recorded at cost, net of accumulated depreciation, except for contributed property and equipment, which is recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

The tangible and intangible property, plant and equipment and right-to-use assets of the Agency are depreciated/amortized using the straight line method over the following estimated useful lives.

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

Notes to Financial Statements (Continued)
 December 31, 2023

Note 2 - Summary of Significant Accounting Policies (Continued)

<u>Class</u>	<u>Life in Years</u>
Equipment	5 years
Furniture	10 years
Leasehold Improvements	Life of Lease
Right-to-use leased buildings	Life of Lease

Leases - The Agency is a lessee for noncancellable lease of a building. The Agency recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the Statement of Net Position. The Agency recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the Agency initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the Agency determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Agency uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Agency generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Agency is reasonably certain to exercise. The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right-to-use leased assets are reported with other capital assets and right-to-use lease liabilities are reported with long-term liabilities on the Statement of Net Position.

Revenue Recognition

The Agency receives closing fees for bond and note issues as well as straight lease transactions expected savings on mortgage recording and sales and use taxes exemptions. These closing fees, as further described in Note 10, are recognized as revenue upon issuance of bonds and notes or closing on straight leases. Application and other administrative fees are recognized when services are rendered.

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

Notes to Financial Statements (Continued)
December 31, 2023

Note 2 - Summary of Significant Accounting Policies (Continued)

Net Position - represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

D. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

E. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is **March XX, 2024**.

Note 3 - New Accounting Pronouncement

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements (SBITA's)*", established a single model for SBITA accounting based on the concept that SBITA's are a financing of a "right-to-use" underlying asset. This statement requires a subscriber to recognize a subscription liability and an intangible right-to-use subscription asset and a subscriber to recognize a subscription receivable and a deferred inflow of resources. The requirements of GASB Statement No. 96 are effective for the Agency's fiscal year ended December 31, 2023. The Agency has completed its evaluation of the financial impact of GASB Statement No. 96 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

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

Notes to Financial Statements (Continued)
December 31, 2023

Note 4 - 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>

Investments held in the Corporation 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	December 25, 2023	March 26, 2024	<u>\$ 547,208</u>

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

Note 5 - Resiliency Loans - Component Unit

Pursuant to Chapter 109 of the Laws of 2020, Section 858 of General Municipal Law (“GML”) allows for an industrial development agency (“IDA”) to provide grants to small businesses or not-for-profit entities for the purpose of purchasing personal protective equipment and other fixtures needed to help prevent the spread of COVID-19. Also, Section 859-c of the GML established a program to allow IDAs to make interest-free loans to small businesses and not-for-profits up to \$25,000.

As a result of the COVID-19 pandemic, the Corporation established a fund to supply loans to local businesses throughout Orange County. The Corporation issued 50 loans to be paid back over a 24-month period, with a maximum amount of \$10,000 each, for a total of \$476,500. As of December 31, 2023, the outstanding principal balance was \$53,973 with an allowance for doubtful accounts of \$53,973 applied against that balance.

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

Notes to Financial Statements (Continued)
December 31, 2023

Note 6 - Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2023.

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Capital assets, being depreciated/amortized:				
Equipment	\$ 95,102	\$ -	\$ -	\$ 95,102
Furniture	19,940	-	-	19,940
Leasehold improvements	63,847	-	-	63,847
Right-to-use leased buildings	-	142,098	-	142,098
Total capital assets being depreciated/amortized	178,889	142,098	-	320,987
Less accumulated depreciation/amortization for:				
Equipment	80,449	7,986	-	88,435
Furniture	15,761	1,204	-	16,965
Leasehold improvements	19,789	1,637	-	21,426
Right-to-use leased buildings	-	31,577	-	31,577
Total accumulated depreciation/amortization	115,999	42,404	-	158,403
Capital assets, net	\$ 62,890	\$ 99,694	\$ -	\$ 162,584

Note 7 - Voluntary Defined Contribution Plan

The Agency can offer a defined contribution plan to all non-union employees hired after January 1, 2023. The employee contribution is not limited and the Agency will contribute 3%-5% based on the employee's contribution. Employer contributions vest after 365 days of service. There are two current employees that participate in the program.

Note 8 - Long-Term Liabilities

The following table summarizes changes in the Agency's long-term liabilities for the year ended December 31, 2023:

	Balance January 1, 2023	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2023	Due Within One Year
Lease Payable	\$ -	\$ 142,098	\$ 30,231	\$ 111,867	\$ 46,353

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

Notes to Financial Statements (Continued)
 December 31, 2023

Note 8 - Long-Term Liabilities (Continued)

Leases Payable

Leases payable as of December 31, 2023 is comprised of the following individual agreement:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at December 31, 2023</u>
Buildings - 4 Crotty Lane	2023	\$ 142,098	April 2026	5.00 %	<u>\$ 111,867</u>

Interest expense of \$4,164 was recorded in the Statement of Revenues, Expenses and Changes in Net Position.

Payments to Maturity

The annual requirements to amortize the lease outstanding as of December 31, 2023 including interest payments of \$6,419 is as follows:

<u>Year Ending December 31,</u>	<u>Leases</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 46,353	\$ 4,348	\$ 50,701
2025	48,724	1,966	50,690
2026	16,790	105	16,895
	<u>\$ 111,867</u>	<u>\$ 6,419</u>	<u>\$ 118,286</u>

Note 9 - Unrestricted Net Position - Designated

The Agency provides support to related organizations that carry out missions that are aligned with that of the Agency. The support contributions are approved and documented in the Agency's annual budget. For the year ended December 31, 2023 (budget year 2024), the Agency designated resources in a total of \$300,000 for the shovel ready program and the Corporation designated resources in a total of \$2,451 for project expenditures.

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

Notes to Financial Statements (Concluded)
December 31, 2023

Note 10 - Conduit Debt Obligations, Revenue Bonds and Notes and Straight Lease Transactions

Certain industrial revenue bonds and notes issued by the Agency are secured by property which is leased to companies and are retired by lease payments. The bonds and notes are not obligations of the Agency, the County or the State of New York. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising there-from are controlled by trustees or banks acting as fiscal agents. Trustees maintain the information for these bonds and notes and no default notices have been generated in the current year. For providing this service, the Agency receives bond administration fees from the borrowing companies. The fee received by the Agency is a percentage of the project cost and the percentage depends on the industry sector of the project. Such administrative fee income is recognized immediately upon issuance of the bonds and notes or closing on leases.

DRAFT

DRAFT

SUPPLEMENTARY INFORMATION

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

Supplementary Information
Statement of Indebtedness - Bonds and Notes
December 31, 2023

Project Name Owner Name and Address	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance at 1/1/2023	Retired in 2023	Balance at 12/31/2023
Eiant (Glenn Arden, Inc.) Bethel Community Mgmt 67 Springvale Road Croton on Hudson, NY 10520	7/1/1998	1/1/2028	5.70%	\$ 28,020,000	\$ 13,570,000	\$ -	\$ 13,570,000
St. Luke's Cornwall Hospital - 2001A 70 Dubois St. Newburgh, NY 12550	12/1/2001	12/1/2023	Fixed *	19,905,000	3,693,894	3,693,894	-
St. Luke's Cornwall Hospital - 2001B 70 Dubois St. Newburgh, NY 12550	12/1/2001	12/1/2023	Fixed *	7,015,000	1,307,022	1,307,022	-
St. Luke's Cornwall Hospital - 2006 70 Dubois St. Newburgh, NY 12550	6/22/2006	12/1/2023	Variable *	15,965,000	5,658,693	5,658,693	-
Tuxedo Place LP 40 Hospital Rd. Tuxedo, NY 10987	9/28/1999	8/1/2033	7.00%	10,500,000	9,815,000	-	9,815,000

* - Not provided on confirmation

** - Adjustments made based on confirmation

Project Purpose Codes

- 1 - Services
- 2 - Construction
- 3 - Agriculture, Forestry and Fishing
- 4 - Wholesale Trade
- 5 - Retail Trade
- 6 - Finance, Insurance and Real Estate
- 7 - Transportation, Communication, Electric, Gas and Sanitary Services
- 8 - Other
- 9 - Manufacturing

See independent auditors' report.

Project Purpose Code	Federal Tax Status	Not-for-profit	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	Tax Exemptions					
					Real Property Tax			Sales Tax	Mortgage Recording	Total Exemptions
					County	Local	School			
1	Exempt	No	105	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1	Exempt	No	0	55	-	-	-	-	-	-
1	Exempt	No	0	55	-	-	-	-	-	-
1	Exempt	No	0	55	-	-	-	-	-	-
1	Taxable	No	15	31	-	-	-	-	-	-

DRAFT

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

Supplementary Information
Statement of Indebtedness - Straight Lease
December 31, 2023

Project Name Owner Name and Address	Total Amount of Lease	Method of Financial Assistance, Other than the Tax Exemptions	Project Purpose Code	Not-for-profit	Original Estimate of Jobs to be Created
Stewart FBI LLC / 347 Avenue of the Americas 5554 Main St. Williamsville, NY 14221	\$ 4,500,000	N/A	8	No	10
360 Middletown Holdings, LLC 1428 36th St. Suite 200 Brooklyn, NY 11218	5,287,500	N/A	9	No	46
Allstate Fabrication 400 Belvale Rd. Chester, NY 10918	4,000,000	N/A	9	No	0
Amy's Kitchen 3000 Dutton Ave. Santa Rosa, CA 95407	106,745	N/A	9	No	681
BDL, LLC (USAI,LLC) 1126 River Rd. New Windsor, NY 12553	652,730	N/A	9	No	28
Blackhawk Development/McKesson 10 Hudson Crossing Dr Montgomery, NY 12549	85,200,000	N/A	8	No	164
Blooming Grove Hotel / Clear Key 65 Steuben Street Brooklyn, NY 11205	6,582,345	N/A	8	No	17
Carlisle Construction Materials 1275 Ritner Highway Carlisle, PA 17013	35,000,000	N/A	9	No	22
Coach Hudson Transit Lines 66 Tetz Rd. Chester, NY 10918	13,000,000	N/A	7	No	223
CPV Valley, LLC 50 Braintree Hill Office Park, Suite 300 Braintree, MA 02184	800,000,000	N/A	7	No	25
CRH Realty III, LLC (Monroe) 155 Crystal Run Rd. Middletown, NY 10941	32,183,712	N/A	1	No	200
CRH Realty VI, LLC (Walkill) 155 Crystal Run Rd. Middletown, NY 10941	14,638,700	N/A	8	No	200
CRH Realty VIII, LLC (Newburgh) 155 Crystal Run Rd. Middletown, NY 10941	30,850,054	N/A	8	No	237

Original Estimate of Jobs to be Retained	Tax Exemptions					
	Real Property Tax			Sales Tax	Mortgage Recording	Total Exemptions
	County	Local	School			
0	\$ 13,513	\$ 12,756	\$ -	\$ -	\$ -	\$ 26,269
0	4,649	2,673	31,358	46,335	-	85,015
0	10,536	7,847	66,279	-	-	84,662
0	5,272	6,139	38,784	-	-	50,195
134	10,118	23,780	66,817	-	-	100,715
0	35,343	19,971	232,767	-	-	288,081
0	11,854	21,826	110,651	-	-	144,331
0	73,377	41,462	500,541	-	-	615,380
0	55,073	213,881	408,015	-	-	676,969
0	159,052	84,419	918,826	-	-	1,162,297
0	27,734	104,340	259,672	-	-	391,746
300	65,677	42,783	-	-	-	108,460
0	103,704	56,281	307,786	-	-	467,771

(Continued)

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

Supplementary Information
Statement of Indebtedness - Straight Lease (Continued)
December 31, 2023

Project Name Owner Name and Address	Total Amount of Lease	Method of Financial Assistance, Other than the Tax Exemptions	Project Purpose Code	Not-for-profit	Original Estimate of Jobs to be Created
Cross Roads Court Real Estate, LLC PO Box 10804 Newburgh, NY 12552	\$ 14,595,000	N/A	8	No	125
Danskammer Energy, LLC 994 River Run Rd. Newburgh, NY 12550	14,000,000	N/A	7	No	20
Dana Distributors 52 Hatfield Ln. Goshen, NY 10924	7,907,300	N/A	8	No	30
Fairbanks Manufacturing, LLC/Frito Lay 79 Industrial Place Middletown, NY 10941	6,500,000	N/A	9	No	119
Fiorello Pharmaceuticals, Inc. 325 W Huron St. No. 700 Chicago, IL 60654	154,576,000	N/A	9	No	179
GAM Property Corp 3 Hatfield Ln., Suite 2C Goshen, NY 10924	7,360,350	N/A	9	No	25
Hampton Park 1344 Rte 9 Castleton, NY 12033	2,237,000	N/A	2	No	34
Isomedix Operations 5960 Heisley Rd. Mentor, OH 44060	15,000,000	N/A	9	No	25
Leentjes Amusement Corp (dba The Castle) (2016 Expansion Project) PO Box 1032 Chester, NY 10918	2,750,000	N/A	8	No	12
Matrix Newburgh I, LLC 3 Centre Dr. Monroe Township, NJ 08831	72,036,976	N/A	9	No	121
Mediacom Realty, LLC 1 Mediacom Way Mediacom Park, NY 10918	40,770,000	N/A	7	No	150
Merlin Entertainments Group US Holdings, LLC P.O. Box 608 Goshen, NY 10924	328,500,000	N/A	5	No	1300
Millennium Pipeline PO Box 1565 Pearl River, NY 10965	80,700,000	N/A	7	No	350

Original Estimate of Jobs to be Retained	Tax Exemptions					
	Real Property Tax			Sales Tax	Mortgage Recording	Total Exemptions
	County	Local	School			
0	\$ 37,712	\$ 37,106	\$ 242,730	\$ -	\$ -	\$ 317,548
28	289,348	186,071	1,411,268	-	-	1,886,687
24	4,896	21,927	47,273	-	-	74,096
84	2,323	2,800	16,004	-	-	21,127
1	16,848	7,002	49,287	616,563	-	689,700
65	10,625	3,051	71,745	13,119	-	98,540
29	4,608	2,205	31,055	-	-	37,868
96	10,955	9,639	77,528	-	-	98,122
48	1,427	357	-	-	-	1,784
0	144,160	141,842	927,878	-	-	1,213,880
250	34,799	29,489	269,267	-	-	333,555
1	63,826	70,102	631,828	637,897	-	1,403,653
0	145,600	140,700	1,154,650	-	-	1,440,950

(Continued)

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

Supplementary Information
Statement of Indebtedness - Straight Lease (Continued)
December 31, 2023

Project Name Owner Name and Address	Total Amount of Lease	Method of Financial Assistance, Other than the Tax Exemptions	Project Purpose Code	Not-for-profit	Original Estimate of Jobs to be Created
Nowak Properties Inc. 386 Ingrassia Road Middletown NY 10940	\$ 6,300,000	N/A	2	No	17
Orange Inn, LLC 159-167 Main Street Goshen, NY 10924	3,300,000	N/A	8	No	17
Retford Investments (Piller Power Systems, Inc.) 45 Wes Warren Dr. Middletown, NY 10941	4,600,000	N/A	9	No	2
The Sentinel Realty at Port Jervis, LLC 167 Route 304, Suite 101 Bardonia, NY 10954	14,300,000	N/A	8	Yes	50
West Warwick Energy Storage 1 7 Times Square Tower, Ste. 3504 New York, NY 10036	7,703,704	N/A	*	No	0
West Warwick Energy Storage 2 7 Times Square Tower, Ste. 3504 New York, NY 10036	5,640,212	N/A	*	No	0
West Warwick Energy Storage 3 7 Times Square Tower, Ste. 3504 New York, NY 10036	6,156,085	N/A	*	No	0

* - Not provided on confirmation

Project Purpose Codes

- 1 - Services
- 2 - Construction
- 3 - Agriculture, Forestry and Fishing
- 4 - Wholesale Trade
- 5 - Retail Trade
- 6 - Finance, Insurance and Real Estate
- 7 - Transportation, Communication, Electric, Gas and Sanitary Services
- 8 - Other
- 9 - Manufacturing

See independent auditors' report.

Original Estimate of Jobs to be Retained	Tax Exemptions					
	Real Property Tax			Sales Tax	Mortgage Recording	Total Exemptions
	County	Local	School			
17	\$ 20,226	\$ 734	\$ 126,982	\$ -	\$ -	\$ 147,942
15	10,718	15,249	72,373	-	-	98,340
42	8,787	10,592	62,305	-	-	81,684
2	11,393	44,738	163,005	-	-	219,136
0	-	-	-	454,408	-	454,408
0	-	-	-	289,295	-	289,295
0	-	-	-	389,123	-	389,123

DRAFT

**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**

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 financial statements of the governmental activities and the discretely presented component unit of the Orange County Industrial Development Agency (a discretely presented component unit of the County of Orange, New York) ("Agency"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Agency basic financial statements, and have issued our report thereon dated **March XX, 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 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 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.

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

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

DRAFT

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

DRAFT

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 XX, 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
Harrison, New York
March XX, 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>

DRAFT

See accompanying notes to schedule of cash and investments.

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 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 XX, 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
Harrison, New York
March XX, 2024