

**FULTON COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Chairperson and Board of the
Fulton County Industrial Development Agency
Johnstown, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Fulton County Industrial Development Agency, a public benefits corporation, a component unit of Fulton County, New York, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Fulton County Industrial Development Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Fulton County Industrial Development Agency, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof 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 Fulton County Industrial Development 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

Fulton County Industrial Development Agency's 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 Fulton County Industrial Development Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 Fulton County Industrial Development 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 Fulton County Industrial Development Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fulton County Industrial Development Agency's basic financial statements. The supplemental information on pages 24 through 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information on pages 24 through 27 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2022, on our consideration of the Fulton County Industrial Development 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 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 Fulton County Industrial Development Agency's internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Gloversville, New York
March 8, 2022

FULTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

The following is a narrative overview and analysis of the financial activities of Fulton County Industrial Development Agency (IDA or Agency) for the fiscal year ended December 31, 2021. This discussion is intended to serve as an introduction to the Agency's basic financial statements, which immediately follow this section. The basic financial statements have the following components: (1) management's discussion and analysis (MD&A), (2) Agency-wide financial statements, (3) notes to the financial statements and (4) supplemental schedules.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and supplementary information. The basic financial statements include two statements that are Agency-wide financial statements that provide both short-term and long-term information about the Agency's overall financial status.

Agency-Wide Statements

The Agency-wide statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Agency's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Agency-wide statements report the Agency's net position and how it has changed. Net position – the difference between the Agency's assets and liabilities – is one way to measure the Agency's financial health or position.

- Over time, increases or decreases in the Agency's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Agency's overall health, you need to consider additional nonfinancial factors such as changes in the New York State government, labor forces and land availability.

I. GENERAL OPERATIONS

A. Background:

The Fulton County Industrial Development Agency (IDA) was created in 1970 by an act of the New York State Legislature as a corporate governmental agency constituting a public benefit corporation. The purpose of an Industrial Development Agency (IDA) is:

“to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their standard of living.”

B. Mission Statement:

The IDA's Mission Statement is as follows:

“The IDA's mission is to create and promote economic growth and prosperity for both residents and entrepreneurs in Fulton County. The IDA's role in Fulton County's Economic Development Program is to develop and maintain an inventory of shovel-ready sites for new and expanding businesses, offer financial incentives, as may be required, to encourage the creation of new and retention of existing jobs and expand the County's tax base. In doing so, the IDA strives to make Fulton County a desirable place to live and do business.”

C. Tax Exemptions:

The New York State General Municipal Law authorizes IDA's to offer three (3) types of tax exemptions to stimulate private sector investment and create jobs.

1. Real Property Tax Exemptions:

New York State Law designates IDA's as tax exempt entities. When an IDA holds title to real property, New York State Law says all improvements on the property are exempt from real property taxes. However, the land that the improvements are located on, remain taxable.

For projects the IDA is involved with, the IDA requires companies to enter into a Payment In Lieu Of Tax Agreement (PILOT). A PILOT is a contractual agreement between the IDA and a company that states that even though the project is tax exempt due to IDA ownership, the company shall make PILOT payments to local taxing jurisdictions in lieu of paying taxes. PILOT Agreements stipulate that companies make PILOT payments to local taxing jurisdictions that are based upon a percentage of the property tax that would otherwise be due if the property was not owned by the IDA. Once a PILOT is executed, the company makes the required annual PILOT payments to local taxing jurisdictions in accordance with the PILOT. It is the responsibility of the local taxing jurisdictions to issue annual invoices under a PILOT to the company and to ensure that payments are received in a timely manner.

The IDA provides Payment in Lieu of Tax Agreements to eligible projects in accordance with its Uniform Tax Exemption Policy (UTEP). The IDA's current UTEP states that it will provide PILOTs modeled after Section 485-b of NYS's Real Property Tax Law. Section 485-b states that a company can receive a 50% exemption on the assessed valuation of the improvements on the property in year 1. The exemption then decreases 5% a year for 10 years. After 10 years, the company would make a PILOT payment equivalent to 100% of the amount it would be paying in real property taxes if it owned the property. During that 10-year period, the company would be making "PILOT payments" to local taxing jurisdictions and not "property tax payments". Once the Lease and PILOT Agreement the IDA has with a company expires, the property then returns to the tax rolls. At that time, the company starts making "property tax payments" to local taxing jurisdictions and will no longer be making "PILOT payments".

The following IDA projects have active PILOTs as of December 31, 2021:

Company	Address
CG Roxane	1 Old Sweet Road, Johnstown, NY
Benjamin Moore	155 Union Avenue Extension, Johnstown, NY
Hoffman's Car Wash Project	S. Kingsboro Avenue, Gloversville, NY

2. Sales Tax Exemptions:

IDA's can offer eligible projects an exemption from New York State and local sales taxes on construction materials and equipment. The exemption is generally limited to the construction, reconstruction or installation period and cannot cover ongoing operational costs.

The following IDA projects had active sales tax exemptions available in 2021:

Company	Address
Benjamin Moore	155 Union Avenue Extension, Johnstown, NY
Vireo Health of NY, LLC	CR117, Johnstown, NY
Hoffman's Car Wash Project	S. Kingsboro Avenue, Gloversville, NY

3. Mortgage Recording Tax Exemption:

If an eligible project involves a mortgage and that mortgage needs to be filed in the Fulton County Clerk's Office, the IDA can offer an exemption from New York State's mortgage recording tax which is currently 1% in Fulton County.

D. Financing:

IDA's can also provide bond financing for a project. Financial institutions, such as banks, insurance companies or private individuals purchase these bonds as an investment similar to an individual purchasing a U.S. Government Savings Bond. By purchasing a bond, a private investor lends its funds to a business. The business commits to repay the principal and interest, if the bonds are taxable, to the investor. The business and the financial institution, independent of the IDA, negotiate the terms, interest rate and other conditions of the transaction. The IDA acts as an intermediary for this private transaction. There are no IDA or public funds involved in an IDA bond transaction.

The IDA does not have a loan fund or pool of money to use to help finance projects. The financing referred to here is private funds coming from banks, financial institutions or private investors.

The IDA, Fulton County Government or Fulton County taxpayers do not lend any public money, nor do they assume any responsibility for repaying bonds if a company defaults on any payment. There is also no financial liability on the IDA, Fulton County or taxpayers. Bond payments are solely the responsibility of the company borrowing the money.

E. IDA Projects:

The following is a list of all active IDA projects as of December 31, 2021:

Company	Address
CG Roxane	1 Old Sweet Road, Johnstown, NY
YMCA	213 Harrison Street, Gloversville, NY
Benjamin Moore	155 Union Avenue Extension, Johnstown, NY
Nexus Renewables	881 CR107, Johnstown, NY
Vireo Health of NY, LLC	CR117, Johnstown, NY
Hoffman's Car Wash Project	S. Kingsboro Avenue, Gloversville, NY

II. SUMMARY OF 2021 ACTIVITIES:

The IDA Board met eleven (11) times in 2021. The following is a summary of the key activities addressed by the IDA Board in 2021:

1. COVID-19:

Due to the ongoing COVID-19 pandemic, the IDA Board, for part of 2021, conducted Zoom Conference Call meetings in lieu of in person meetings. These Zoom Conference Call meetings were authorized by Executive Orders issued by the Governor. The Board returned to regular meetings during the year.

2. TRYON TECHNOLOGY PARK:

a. Vireo Health:

The IDA Board sold approximately 92 acres of land to Vireo Health of NY that Vireo used to start construction of a new 324,000 square foot building. This sale included Lots 1 and 2 in the Tryon Technology Park (TTP) as well as additional acreage located adjacent to the Park. This building will be used to grow and process adult-use cannabis. In 2021, the NYS Legislature legalized the adult use of cannabis in the state. Construction of the 324,000 square foot building is scheduled to be completed in 2022. Vireo projects hiring 180+/- full-time persons.

b. Easement:

The Gloversville Water Department owns, operates and maintains the water supply and distribution system at the TTP including:

- The 12" water main that runs along CR117.
- The waterline that transmits water from the 12" water main to the elevated tank.
- The pump station that pumps water up to the 300,000 gallon elevated water storage tank.
- The 300,000 gallon elevated water storage tank.

The waterline to the tank had been located on IDA-owned lands. In addition, an Access Road runs from CR117 to the elevated tank that is used to access the tank. The IDA and Gloversville Board of Water Commissioners executed an easement to provide Gloversville with permanent access to the key water facilities they own at the TTP.

c. Waterline:

The existing waterline that runs from County Road 117 to the elevated tank at Tryon crosses over Lot 2 that was sold to Vireo Health. Vireo Health agreed to relocate and replace this waterline with a new 12" HDPE pipe that will be located within the new easement that the IDA granted to the City of Gloversville Board of Water Commissioners. That will result in approximately half of the waterline being relocated and replaced. This waterline is owned by the Gloversville Water Department. The Water Department did not have funds to replace the balance of that waterline to the tank. The estimated cost for this work is \$100,000. The IDA Board agreed to contribute \$75,000 towards the cost of replacing this line with Gloversville contributing \$25,000.

d. Winstanley Enterprises:

In October, 2021, the IDA Board executed a Letter of Intent (LOI) with Winstanley Enterprises (WE), LLC of Concord, MA. The LOI stated that the IDA was interested in selling 236+/- acres of land in the TTP to WE. The LOI further stated that WE would use these lands to pursue the construction of the following buildings:

d. Winstanley Enterprises: (Continued)

Site #	Parcel #/Bldg. #	Acreage (+/-)	Proposed Building Size (SF)
1	4	69.09	1,200,000
	7	17.24	
	Building 1	12.00	
	Wetlands	25.00	
2	3 ⁽¹⁾	16.77	150,000
3	Tryon Development Area	45.00	350,000
4	5	26.61	500,000
	6	24.87	
		Total Acreage = 236.58	2,200,000

(1) Site 3 would be considered for a separate standalone building. However, in the event Site 3 is required to facilitate a larger development on Site 1, then Winstanley Enterprises, LLC will utilize Site 3 to accomplish this.

The IDA Board, in November, 2021, executed a Purchase and Sale Agreement with WE. WE began its due diligence review of the 236+/- acres it desired to purchase from the IDA. This included conducting a number of studies including survey, topo, geotechnical, wetlands, utilities, zoning and environmental and others. Once these studies were completed, WE would then prepare Site plans for each proposed building. WE would then seek to obtain all local, state and federal permits and approvals that may be required. This due diligence will be completed in 2022. At that time, WE will decide if it wants to purchase these 236 acres.

e. Lands on South Side of CR107:

The IDA Board sold the 27+/- acres of land it owned on the south side of CR107 to Tryon Organics Enterprises.

f. Nexus Renewables Project:

In 2021, the IDA Board executed leases with Nexus Renewables for Nexus to construct and operate four (4) community solar facilities on approximately 29+/- acres of IDA owned land adjacent to TTP. The 29+/- acres leased to Nexus was not part of the TTP. The Leases are for 25 years with three (3) five (5) year options. The IDA will generate annual revenues from each solar project that will financially benefit the IDA's operations. Nexus obtained all state approvals in late 2021 and should complete construction in 2022. The IDA executed leases with four (4) separate LLCs who will each operate separate solar projects.

The IDA Board also approved granting sales tax exemptions to the project. The documents that need to be executed to provide these exemptions were not executed in 2021. They will be executed in early 2022.

g. Sewer Infrastructure Map:

The IDA Board hired C.T. Male to prepare a map showing the sewer infrastructure at Tryon in anticipation of the IDA deeding over said infrastructure to Fulton County Sewer District No. 4 that Fulton County is in the process of creating.

h. Cushman Wakefield:

The IDA Board continued to work with Cushman Wakefield to market the Tryon Technology Park.

i. Marketing:

The IDA worked with the Fulton County Center for Regional Growth in submitting proposals to prospective companies looking for a site. The TTP was offered to several prospective companies in 2021.

j. Other:

In 2021, the IDA Board approved the following items for the TTP:

1. Hired Evergreen to cut grass.
2. Leased lands to R & R Farms, Inc. to grow crops.

3. **BENJAMIN MOORE EXPANSION PROJECT:**

In 2020, Benjamin Moore advanced plans to expand its latex paint manufacturing plant in the City of Johnstown. Benjamin Moore proposed to construct a 120,000 square foot addition to its existing facility. The Company applied to the IDA for two (2) financial incentives:

1. Real Property Tax Exemption
2. Sales Tax Exemption

The IDA Board approved these exemptions. Benjamin Moore commenced work on the expansion project in late 2020. The expansion is expected to be completed by 2023. The project will create new jobs and property tax revenues for local taxing jurisdictions.

4. **HOFFMAN'S CARWASH PROJECT:**

In 2021, Hoffman's Carwash applied to the IDA for real property and sales tax exemptions for a new state-of-the-art carwash project that was proposed to be built in the City of Gloversville. The IDA Board approved those exemptions. Construction started in 2021 and is expected to be completed in 2022.

5. **IDA WEBSITE:**

Emery Designs continued work in 2021 updating and revising the IDA's website.

6. **20-ACRE PARCEL IN JOHNSTOWN INDUSTRIAL PARK:**

- The IDA owns one (1) vacant parcel of land in the Johnstown Industrial Park. The parcel is approximately 20 acres in size.
- At the recommendation of Ron Peters, President and CEO of the Center for Regional Growth, the IDA, in 2021:
 1. Hired C.T. Male to prepare a Geotechnical Evaluation on the site.
 2. Hired Hanson VanVleet to conduct a Phase I Environmental Site Assessment.
- These background studies will help the CRG in the marketing of that 20-acre parcel.

7. FULTON COUNTY'S ECONOMIC DEVELOPMENT STRATEGY:

Fulton County's Development Strategy recommended the creation of three (3) Primary Development Areas to be identified where new housing could be developed. One of these Primary Development Areas is the Tryon Development Area. This Development Area contains approximately 35+/- acres and is located at the northern end of the Tryon property owned by the IDA. With respect to the Tryon Development Area, the Development Strategy recommended that:

- a. Fulton County should prepare a one-page "sell sheet" that focuses specifically on the market demand for executive-level housing. The sheet should include information on growth in households with incomes over \$100,000 and the lack of executive level housing in the County.
- b. Fulton County should market the residential plan in conjunction with the Technology Park as "Tryon Technology Park and Village." The vision for an upscale residential village adjacent to the Technology Park can help support tenant recruitment efforts for the Park. This, in turn, will help induce demand for housing in the village as new businesses move into the Park. The County should enhance the Tryon website to help promote and market the vision for Tryon as a business park and residential community. Erie Station Village and Erie Station Business Park in Henrietta, New York is a good example of this approach.
- c. Fulton County should focus on neighborhood-serving retail like a coffee house, bar or restaurant. Potential uses should be carefully designed to be contemporary and fresh to complement the housing in that development area that should be targeted to professionals and executives. In the near term, it is more feasible to recruit a small café or similar business to locate on the Tryon Campus. As housing is built, new retail development may become feasible in the "village" area.
- d. Fulton County should consider partnering with a developer on a "Phase I" project. The type of housing envisioned in Tryon Village represents a largely unproven market, which may deter developers. The County should be prepared to engage in a partnership to entice a developer, such as putting in a small portion of the new road. The purpose of this will be to demonstrate a market for the types of homes included in the vision, which will attract additional private investment. Alternatively, it may demonstrate a need to shift the vision for Tryon Village, such as towards more workforce-level housing.

8. BOARD TRAINING:

In 2021, the IDA Board received training on the following topics:

- ABO's Best Practices: Public Meetings and Open Meetings Law
- General Municipal Law: Section 850-888
- Public Authorities Accountability Act of 2005 (PAAA)
- Public Authorities Reform Act of 2009 (PARA)
- Administering an IDA Project
- Key Reporting Dates for the IDA
- Fulton County's Economic Development Program
- History of Industrial/Business Parks
- Input received from recent visits by Corporate Site Selectors
- Authority Budget Office Frequently Asked Questions on how IDAs Operate
- Conflicts of Interest
- History of Tryon Technology Park
- ABO's Requirement for having on website
- List of Real Property Owned by the IDA
- Review IDAs Internal Financial Controls

9. OTHER:

In 2021, the IDA Board also took the following additional actions:

- a. The IDA renewed its Gold Membership with the Fulton County Center for Regional Growth.
- b. The IDA Board adopted a 2022 Budget.

The IDA Board appreciates the strong partnership it has with the Fulton County Board of Supervisors and looks forward to continuing that partnership.

III. SUMMARY OF FINANCIAL RESULTS

Table A-1

Condensed Statements of Net Position

	2021	2020	Dollar Change Increase/ (Decrease)
Assets			
Current assets	\$ 2,340,556	\$ 1,059,615	\$ 1,280,941
Development projects	2,995,598	3,199,802	(204,204)
Total Assets	5,336,154	4,259,417	1,076,737
Liabilities			
Current liabilities	369,976	369,728	248
Long-term debt	514,708	514,708	0
Total Liabilities	884,684	884,436	248
Net Position			
Net investment in capital assets	2,480,890	2,685,094	(204,204)
Unrestricted	1,970,580	689,887	1,280,693
Total Net Position	\$ 4,451,470	\$ 3,374,981	\$ 1,076,489

Changes in Net Position

The IDA's revenue was \$1,180,882 (see Table A-2).

The total cost of all programs and services amounted to \$104,393 for 2021. The expenses are comprised predominantly of salaries and benefits costs (27.4%), and professional fees (53.1%).

Net position for the year increased by \$1,076,489.

Table A-2

Changes in Net Position from Operating Results

	<u>2021</u>	<u>2020</u>	<u>Dollar Change Increase/ (Decrease)</u>
Revenues			
Program Revenues			
Charges for services	\$ 27,748	\$ 63,185	\$ (35,437)
General Revenues			
Interest income	1,479	8,587	(7,108)
Administrative fee	188,025	0	188,025
Gain on sale of land	956,340	0	956,340
Miscellaneous revenue	7,290	0	7,290
Total Revenues	<u>1,180,882</u>	<u>71,772</u>	<u>1,109,110</u>
Expenses			
Development project costs	14,329	30,802	(16,473)
Miscellaneous expense	4,198	5,396	(1,198)
Salaries and benefits	28,587	22,968	5,619
Meetings and conferences	0	843	(843)
Memberships	1,850	850	1,000
Professional fees	55,429	40,974	14,455
Total Expenses	<u>104,393</u>	<u>101,833</u>	<u>2,560</u>
Increase (Decrease) in Net Position from Operations	<u>\$ 1,076,489</u>	<u>\$ (30,061)</u>	<u>\$ 1,106,550</u>

A. LONG-TERM DEBT:

As of December 31, 2021, the IDA had \$514,708 in long-term debt outstanding. More detailed information about the IDA's long-term debt is included in the notes to basic financial statements.

Table A-3

Outstanding Long-Term Debt

	<u>2021</u>	<u>2020</u>
City of Groversville	\$ 150,267	\$ 150,267
Board of Water Commissioners	89,124	89,124
Community Development Agency	74,961	74,961
Promote Groversville Development Agency	50,089	50,089
Fulton County Economic Development Corporation	150,267	150,267
TOTALS	<u>\$ 514,708</u>	<u>\$ 514,708</u>

IV. CONTACTING THE IDA'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, please contact:

Fulton County Industrial Development Agency
1 East Montgomery Street
Johnstown, NY 12095
Phone: 518-736-5660

FULTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF NET POSITION

DECEMBER 31, 2021

ASSETS

CURRENT ASSETS:

Cash in bank	\$ 1,970,580
Cash - restricted	<u>369,976</u>

Total current assets	2,340,556
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DEVELOPMENT PROJECTS	<u>2,995,598</u>
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TOTAL ASSETS	<u>5,336,154</u>
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LIABILITIES

CURRENT LIABILITIES:

Due to City of Johnstown	<u>369,976</u>
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Total current liabilities	369,976
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LONG-TERM DEBT	<u>514,708</u>
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TOTAL LIABILITIES	<u>884,684</u>
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NET POSITION

Net investment in capital assets	2,480,890
Unrestricted	<u>1,970,580</u>

TOTAL NET POSITION	<u>\$ 4,451,470</u>
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See notes to basic financial statements.

FULTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

		<u>Program Revenue</u>		
			Operating Grants and Other Program Revenues	
	<u>Expenses</u>	<u>Charges for Services</u>		<u>Changes in Net Position</u>
FUNCTION/PROGRAMS				
Development projects	\$ 14,329	\$ 0	\$ 0	\$ (14,329)
Miscellaneous expense	4,198	0	0	(4,198)
Memberships	1,850	0	0	(1,850)
Professional fees	55,429	(27,748)	0	(27,681)
Salaries and benefits	28,587	0	0	(28,587)
Total function/programs	<u>\$ 104,393</u>	<u>\$ (27,748)</u>	<u>\$ 0</u>	<u>(76,645)</u>
GENERAL REVENUE				
Interest income				1,479
Administrative fee				188,025
Gain on sale of land				956,340
Miscellaneous revenue				7,290
Total general revenue				<u>1,153,134</u>
CHANGE IN NET POSITION				1,076,489
TOTAL NET POSITION - BEGINNING OF YEAR				<u>3,374,981</u>
TOTAL NET POSITION - END OF YEAR				<u>\$ 4,451,470</u>

See notes to basic financial statements.

FULTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:

Expenses in excess of revenues	\$ 1,076,489
Increase in developmental property	204,204
Increase in due to City of Johnstown	<u>248</u>

Net cash provided by operating activities	<u><u>1,280,941</u></u>
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NET INCREASE IN CASH	1,280,941
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CASH - BEGINNING OF YEAR	<u>1,059,615</u>
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CASH - END OF YEAR	<u><u>\$ 2,340,556</u></u>
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RECONCILIATION TO STATEMENT OF NET POSITION

CASH	\$ 1,970,580
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CASH - RESTRICTED	<u>369,976</u>
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TOTAL CASH AND CASH EQUIVALENTS	<u><u>\$ 2,340,556</u></u>
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See notes to basic financial statements.

FULTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fulton County Industrial Development Agency (Agency) have been prepared in conformity with U.S. generally accepted accounting principles. Significant accounting policies are:

Organization

The Agency is an Industrial Development Agency duly established under Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 665, Section 895C, of the Laws of 1970 of the state and is a public benefit corporation of the state.

The Agency was formed for the purpose of encouraging economic growth in the County of Fulton. The Agency is exempt from federal, state and local income taxes. The Agency, although established by the Fulton County Board of Supervisors, is a separate entity and operates independently of the County of Fulton.

Basis of Accounting

The Agency is required by New York State to maintain its books on the accrual basis of accounting.

Budgetary Accounting

In accordance with Section 861 of the General Municipal Law, the Agency prepares and adopts annual budgets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Advertising Costs

The Agency's advertising costs are expensed as incurred. There was no advertising expense for the year ended December 31, 2021.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

Cash and Cash Equivalents

For purposes of the statement of cash flows, management considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

FULTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Development Project Assets

Development project assets, consisting of land and site improvements acquired by the Agency, are stated at cost (or estimated historical cost) and include interest capitalized during construction where applicable. Contributed assets are recorded at fair market value at the date received. Major additions and betterments are capitalized, while maintenance and repairs, which do not appreciably extend the useful lives of the related assets, are charged to expense as incurred. There are no reversionary interests by the grantor in the assets (see also Notes 2 and 4 following).

Lot Sales

Certain lot sales are capitalized lease purchase agreements. The leases are structured to receive full payment at lease inception and are recorded as sales by the Agency at that time. Other lot sales are direct sales in which title to the property transfers to the purchaser. There were two direct lot sales in 2021:

1. 27+/- acres to Tryon Organics Enterprises
2. 92+/- acres to Vireo Health of New York

NOTE 2 – CASH – RESTRICTED/DUE TO CITY OF JOHNSTOWN

- A. The Agency entered into an agreement with the City of Johnstown whereby the Agency is to develop the Johnstown Industrial Park (Park). The City of Johnstown (City) conveyed title to 175 acres of land to the Agency pursuant to Local Law No. 2 of 1989.

The Agency is to develop, operate and manage the Park. All revenues generated from the lot sales in the Park are to be allocated between the City and the Agency as follows:

1. Seven percent of gross revenues are to be retained by the Agency for administrative costs.
2. Of the remaining balance:
 - a. Fifty percent shall be paid to the City; and
 - b. Fifty percent shall be retained by the Agency and deposited in an interest-bearing account dedicated solely for the use in future industrial and economic development-type projects within the City, or outside the City with their approval.

- B. Restricted cash balances at December 31, 2021, are as follows:

City of Johnstown (a. above)	<u>\$ 369,976</u>
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- C. During the year the Agency received no requests from the City of Johnstown for bonds from this account. The total amount paid to the City was \$-0-.

FULTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 3 – DEVELOPMENT PROJECTS

The Agency's development projects at December 31, 2021, are as follows:

Crossroads Industrial Park	\$ 120,000
Crossroads Business Park	1,925,000
Johnstown Industrial Park	305,629
Tryon Technology Park	<u>644,969</u>
TOTAL	<u>\$ 2,995,598</u>

The development projects consist of land acquisition costs and site improvements; i.e., roads, water and sewer lines and landscaping.

NOTE 4 – LONG-TERM DEBT

As part of the Crossroads Business Park project, the Agency entered into an agreement with five local governmental and nonprofit entities. Each entity, including the Agency, provided funds necessary to meet the \$665,000 local match requirement of the EDA grant. The agreement provides that the Agency retain the first \$100,000 received for sale of lots of the Crossroads Business Park. Thereafter, the Agency, after deducting an administrative fee and any other customary sale or lease expenses, shall repay the project participants (including the Agency) at the percent of participation that each entity provided to the total \$665,000 local match.

Interest was accrued at 5½% on the unpaid balances for a maximum of seven years (ending in 2005). Therefore, for the year ended December 31, 2021, interest expense totaled \$-0-.

This balance is comprised of amounts due to the following entities:

City of Gloversville	\$ 150,267
Board of Water Commissioners	89,124
Community Development Agency	74,961
Promote Gloversville Development Agency	50,089
Fulton County Economic Development Corporation	<u>150,267</u>
TOTAL	<u>\$ 514,708</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

As required by FASB ASC, *Fair Value Measurement*, the Agency is required to value investment and debt securities based on the valuation measurement techniques and hierarchy established by the FASB ASC.

There are three general valuation techniques that may be used to measure fair value, as described below:

- A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sales transactions, market trades or other sources.

FULTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 5 – FAIR VALUE MEASUREMENTS – (CONTINUED)

- B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2021, are as follows:

<u>Fair Value Measurements Using</u>				
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>			
<u>December 31, 2021</u>				
Long-term debt	\$ 514,708	\$ 0	\$ 514,708	\$ 0

NOTE 6 – CIVIC FACILITY BONDS AND NOTE TRANSACTIONS

Certain industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the state. 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. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes. As a result of the COVID-19 Pandemic, the YMCA applied for and received two 3-month deferrals of its principal and interest payments from NBT Bank. This deferral extended the maturity date of the bonds to January 1, 2031. At December 31, 2021, the original issue value of bonds issued aggregated was \$5,450,000 and the outstanding balance was \$1,401,532. Refer to the Schedule of Civic Facility Bonds on page 24.

NOTE 7 – INVESTMENTS

The Agency's investment policies are governed by state statutes. Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Agency is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State or its localities.

FULTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 7 – INVESTMENTS – (CONTINUED)

Collateral is required for demand deposits and certificates of deposit at 100% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States Government and its agencies and obligations of any state and its municipalities and school districts.

At December 31, 2021, all deposits are fully collateralized.

NOTE 8 – SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through the issuance date of the report. None were considered material to the issued financial statements.



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

To the Chairperson and Board of the
Fulton County Industrial Development Agency
Johnstown, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Fulton County Industrial Development Agency, a public benefit corporation, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 8, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fulton County Industrial Development Agency's internal control over financial reporting (internal control) to determine the 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 Fulton County Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fulton County Industrial Development 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 charge with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fulton County Industrial Development Agency's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

WEST & COMPANY CPAs PC

Gloversville, New York
March 8, 2022

FULTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF CIVIC FACILITY BONDS

DECEMBER 31, 2021

<u>PROJECTS</u>	<u>CURRENT INTEREST RATE</u>	<u>OUTSTANDING BEGINNING OF YEAR</u>	<u>ISSUED</u>	<u>PRINCIPAL PAID</u>	<u>INTEREST PAID</u>	<u>DECEMBER 31, 2021 BALANCE</u>
Fulton County YMCA, Inc.	3.25%	\$ 1,530,744	\$ 0	\$ 129,212	\$ 50,422	\$ 1,401,532

See accompanying notes.

FULTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

CODE OF ETHICS

I. INTRODUCTION:

This Code of Ethics shall apply to all members, staff and other employees of the Fulton County Industrial Development Agency (AGENCY). These policies shall serve as a guide for official conduct and are intended to enhance the ethical and professional performance of the AGENCY's directors and employees and to preserve public confidence in the AGENCY's mission.

II. RESPONSIBILITY OF MEMBERS, STAFF AND EMPLOYEES:

- A. Members, staff and employees shall perform their duties with transparency, without favor and refrain from engaging in outside matters of financial or personal interest, including other employment, that could impair independence of judgment, or prevent the proper exercise of one's official duties.
- B. Members, staff and employees shall not, directly or indirectly, make, advise or assist any person to make any financial investment based upon information available through the director's or employee's official position that could create any conflict between their public duties and interests and their private interests.
- C. Members, staff and employees shall not accept or receive any gift in excess of seventy-five dollars (\$75), whether it be in the form of financial payments, services, loans, travel reimbursement, entertainment, hospitality, thing or promise from any entity doing business with or before the AGENCY.
- D. Members, staff and employees shall not use or attempt to use their official position with the AGENCY to secure unwarranted privileges for themselves, members of their family or others, including employment with the AGENCY or contracts for materials or services with the AGENCY.
- E. Members, staff and employees must conduct themselves at all times in a manner that avoids any appearance that they can be improperly or unduly influenced, that they could be affected by the position of or relationship with any other party or that they are acting in violation of their public trust.
- F. Members, staff and employees may not engage in any official transaction with an outside entity in which they have a direct or indirect financial interest that may reasonably conflict with the proper discharge of their official duties.
- G. Members, staff and employees shall manage all matters within the scope of the AGENCY's mission independent of any other affiliations or employment. Members, staff and employees employed by more than one government shall strive to fulfill their professional responsibility to the AGENCY without bias and shall support the AGENCY's mission to the fullest.
- H. Members, staff and employees shall not use AGENCY property or resources or disclose information acquired in the course of their official duties in a manner inconsistent with State or local law and the AGENCY's mission and goals.

III. IMPLEMENTATION OF CODE OF ETHICS:

- A. This Code of Ethics shall be provided to all members, staff and employees upon commencement of employment or appointment and shall be reviewed annually by the Governance Committee.
- B. The AGENCY may designate an Ethics Officer, who shall report to the AGENCY and shall have the following duties:
 - Counsel in confidence AGENCY members, staff and employees who seek advice about ethical behavior.
 - Receive and investigate complaints about possible ethics violations.
 - Dismiss complaints found to be without substance.
 - Prepare an investigative report of their findings for action by the Executive Director or the board.
 - Record the receipt of gifts or gratuities of any kind received by the director or employee, who shall notify the Ethics Officer within 48 hours of receipt of such gifts and gratuities.

IV. PENALTIES:

- A. In addition to any penalty contained in any other provision of law, an AGENCY, members, staff or employee who knowingly and intentionally violates any of the provisions of this code may be removed in the manner provided for in law, rules or regulations.

V. REPORTING UNETHICAL BEHAVIOR:

- A. AGENCY members, staff and employees are required to report possible unethical behavior by a member, staff or employee of the AGENCY to the Ethics Officer. Ethics complaints may be filed anonymously and are protected from retaliation by the policies adopted by the AGENCY.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, James Mraz, certify that I am the Chief Executive Officer of Fulton County Industrial Development Agency and that this report, to the best of my knowledge, information and belief, is a true and correct statement of the financial transactions and fiscal condition for the year ended December 31, 2021.

Signature: 
Title: Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Carol Ellis, certify that I am the Chief Financial Officer of Fulton County Industrial Development Agency and that this report, to the best of my knowledge, information and belief, is a true and correct statement of the financial transactions and fiscal condition for the year ended December 31, 2021.

Signature: 
Title: Chief Financial Officer