COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES

Financial Statements

December 31, 2022

(With Independent Auditors' Report Thereon)

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

The Boards of Directors
County of Orleans Industrial Development
Agency and Affiliates:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the County of Orleans Industrial Development Agency (COIDA) and Affiliates (collectively, the Agency), as of and for the year ended December 31, 2022, and the related notes to 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 net position/financial position of the Agency as of December 31, 2022, and the respective changes in net position/financial position and cash flows for the year then ended 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 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the financial statements are available, 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 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, the schedule of proportionate share of the net pension liability (asset), and the schedule of employer pension contributions 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 an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards (Schedule 1), as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 16, 2023 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 Agency's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 16, 2023

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES

Management's Discussion and Analysis

December 31, 2022

HISTORY OF THE AGENCY

The County of Orleans Industrial Development Agency (COIDA) a public benefit corporation established in 1971 by the Orleans County Legislature under the laws of the State of New York. Under the provisions of the New York Industrial Development Agency Act, COIDA is empowered to actively attract and develop economically sound commerce and industry, thereby fostering job opportunities, general prosperity, and economic welfare for all residents of Orleans County (the County).

COIDA utilizes its resources to plan, implement and support economic development within the County by promoting the stability and growth of the County's present business base, supporting the retention and creation of jobs, establishing regional and international collaborations and attracting capital investment and new business ventures.

As management of COIDA, we offer the readers of COIDA's financial statements this narrative overview and analysis of the financial activities of COIDA for the year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with COIDA's financial statements.

Overview of the Financial Statements

The financial statements in this annual report are those of a special-purpose government. The following statements are included:

- Statements of net position/financial position - reports COIDA and Affiliates' current and long-term financial resources with capital assets and long-term financial position debt obligations.
- Statements of activities - reports COIDA and Affiliates' operating and non-operating revenues, by major source along with operating and non-operating expenses.
- Statements of cash flows - reports COIDA and Affiliates' cash flows from operating, investing, and non-capital financing activities.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES

Management's Discussion and Analysis, Continued

COMPARATIVE ANALYSIS OF FINANCIAL STATEMENTS

The following is a condensed comparative financial statement analysis of COIDA, based on the audited financial statements as of December 31, 2022 and 2021.

Statements of Net Position

		2022	2021
Assets			
Current assets:			
Cash and equivalents	$	537,318	19,580
Restricted cash		-	928,478
Receivables		2,476	70,114
Prepaid expenses		159	128
Total current assets		539,953	1,018,300
Net pension asset		35,929	-
Net capital assets		635,057	657,957
Total assets		1,210,939	1,676,257
Deferred Outflows of Resources			
Pensions		154,922	135,803
Liabilities			
Current liabilities:			
Accounts payable		-	-
Accrued expenses		36,564	47,297
Funds held on behalf of others - PILOT		4,152	873,427
Funds held on behalf of others - other		43,612	55,051
Current installments of note payable		-	33,333
Due to Affiliates		60,106	60,106
Total current liabilities		144,434	1,069,214
Note payable		500,000	-
Net pension liability - proportionate share - ERS		-	245
Total liabilities		644,434	1,069,459
Deferred Inflows of Resources			
Pensions		125,248	75,785
Net Position			
Net investment in capital assets		635,057	657,957
Unrestricted (deficit)		(38,878)	8,859
Net position	$	596,179	666,816

Cash and equivalents increased by $517,738, which is primarily due the Agency's borrowing on the note payable.

Receivables decreased by $67,638, which is due to collection of an outstanding receivable from Medina Hospitality in 2022.

Total liabilities decreased by $425,025, which is primarily due to PILOT funds being paid in the current year and a decrease in the net pension liability.

Total net position decreased by $70,637 for 2022 compared to the decrease of $190,950 for 2021. The primary reason for this change is the transfer of net position from Orleans Land Restoration Corporation of $107,500.

Statements of Activities

	2022	2021
Operating revenue	$ 327,435	421,923
Operating expenses	(504,905)	(608,626)
Operating income (loss)	(177,470)	(186,703)
Non-operating revenue (expense)	(667)	(4,247)
Transfer of net position from Orleans Land Restoration Corporation	107,500	-
Change in net position	$ (70,637)	(190,950)

COIDA revenue decreased primarily due to a decrease in administrative fees which includes the economic development fees and the prior year recognition of a $65,000 gain. Operating expenses decreased primarily due to a decrease in personal services, employee benefits and professional fees.

BUDGETARY ANALYSIS - AGENCY OPERATING FUND

Annual operating budgets are based on management's best estimate of actual revenue. Operating expenses are also based on historical prior years' expenses with a best estimate of future increases due to market conditions and/or inflation. Therefore, budgeted income/expense will vary from the actual annual statement of revenue, expenses and changes in net assets.

In fiscal 2022, COIDA reported an overall variance in operating revenue of $302,965, 48.1% less than anticipated when comparing actual to budget primarily due to an decrease of administrative fees.

Actual operating expenses were less than anticipated expenses by $108,629 or 17.7%. The primary components of this variance was personnel services under budget by $40,455 and miscellaneous expenses under budget by $49,749 offset by employee benefits that were over budget by $19,075.

The table below details the actual revenue and expenses compared to budget for COIDA:

	Actual	Budget	Variance
Operating revenue:			
Administrative fees	$ 115,018	421,000	(305,982)
State and local aid	204,500	205,500	(1,000)
Rental income	-	3,600	(3,600)
Gain on sale of assets	7,101	-	7,101
Other income	816	300	516
Total operating revenue	327,435	630,400	(302,965)
Operating expenses:			
Personnel services	268,549	309,004	(40,455)
Employee benefits	99,505	80,430	19,075
Professional fees	83,172	74,700	8,472
Occupancy	24,109	26,600	(2,491)
Auto and travel	2,941	17,250	(14,309)
Telephone	9,662	5,000	4,662
Office supplies and expenses	2,618	6,400	(3,782)
Repairs and maintenance	2,867	3,000	(133)
Dues and subscriptions	1,593	50	1,543
Advertising	5,538	31,000	(25,462)
Depreciation	-	6,000	(6,000)
Miscellaneous	4,351	54,100	(49,749)
Total operating expenses	504,905	613,534	(108,629)
Operating income (loss)	$ (177,470)	16,866	(194,336)

CAPITAL ASSETS

COIDA has $635,057 and $657,957 of net capital assets at December 31, 2022 and 2021, respectively. There is $22,331 of accumulated depreciation associated with these assets as of December 31, 2022 and 2021.

FUTURE EVENTS AND OTHER CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

COIDA has major economic development tools in place including PILOTS, Empire Zones and the Revolving Loan Fund. These activities are intended to stimulate new construction, increase the local tax base, create employment opportunities for area residents, and generate new project fees to COIDA.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT AGENCY

For further information, please contact:

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Michael Dobell
Chief Executive Officer/Chief Financial Officer

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Statement of Net Position/Financial Position
December 31, 2022

Assets	County of Orleans Industrial Development Agency	Affiliates: Orleans Revolving Loan Fund	Affiliates: Orleans Land Restoration Corporation	Affiliates: Orleans County Local Development Corporation
Current assets:				
Cash and equivalents - operating	$ 537,318	35,366	251,012	100,627
Receivables:				
Accounts	2,476	-	-	20,036
Current installments of loans	-	17,358	237,141	29,389
Total receivables	2,476	17,358	237,141	49,425
Due from Affiliates	-	8,952	132,839	-
Prepaid expenses	159	-	-	-
Total current assets	539,953	61,676	620,992	150,052
Noncurrent assets:				
Loans receivable, less allowance for doubtful loans and current installments	-	126,783	418,800	25,920
Net pension asset	35,929	-	-	-
Deposit held for land option	-	-	45,000	-
Capital assets, net of accumulated depreciation	635,057	-	811,421	-
Total noncurrent assets	670,986	126,783	1,275,221	25,920
Total assets	1,210,939	188,459	1,896,213	175,972
Deferred Outflow of Resources				
Pensions	154,922	-	-	-

(Continued)

See accompanying notes to financial statements.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Statement of Net Position/Financial Position, Continued

	County of Orleans Industrial Development Agency	Affiliates: Orleans Revolving Loan Fund	Affiliates: Orleans Land Restoration Corporation	Affiliates: Orleans County Local Development Corporation
Liabilities				
Current liabilities:				
Accounts payable	$ -	-	-	22,326
Accrued expenses	36,564	-	-	-
Funds held on behalf of others - PILOT	4,152	-	-	-
Funds hold on behalf of others - other	43,612	-	-	-
Due to Affiliates	60,106	-	81,685	-
Total current liabilities	144,434	-	81,685	22,326
Noncurrent liabilities - note payable	500,000	-	-	-
Total liabilities	644,434	-	81,685	22,326
Deferred Inflow of Resources				
Pensions	125,248	-	-	-
Net Position/Assets				
Net investment in capital assets	635,057	-	-	-
Net assets without donor restrictions	-	188,459	1,814,528	-
Net assets with donor restrictions	-	-	-	153,646
Unrestricted (deficit)	(38,878)	-	-	-
Total net position/net assets	$ 596,179	188,459	1,814,528	153,646

See accompanying notes to financial statements.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Statement of Activities
Year ended December 31, 2022

	County of Orleans Industrial Development Agency	Affiliates: Orleans Revolving Loan Fund	Affiliates: Orleans Land Restoration Corporation	Affiliates: Orleans County Local Development Corporation
Operating revenue:				
Administrative fees	$ 115,018	-	-	-
State and local aid	204,500	-	-	-
Grant revenue	-	-	654,000	88,573
Program income - interest and penalties on loans	-	6,322	10,280	4,705
Gain on sale of assets	7,101	-	7,100	-
Other income	816	-	426	161
Total operating revenue	327,435	6,322	671,806	93,439
Operating expenses:				
Personnel services	268,549	-	-	-
Employee benefits	99,505	-	-	-
Professional fees	83,172	4,000	67,496	7,761
Program expenses	-	-	-	7,739
Grant expenses	-	-	340,000	75,420
Occupancy	24,109	3,082	3,082	-
Auto and travel	2,941	-	-	228
Telephone	9,662	-	-	-
Office supplies and expenses	2,618	497	-	277
Repairs and maintenance	2,867	-	-	68
Dues and subscriptions	1,593	-	-	-
Advertising	5,538	-	16,864	1,899
Grant administrative expense	-	-	-	4,316
Miscellaneous	4,351	41	-	2,330
Total operating expenses	504,905	7,620	427,442	100,038
Operating income (loss)	(177,470)	(1,298)	244,364	(6,599)
Non-operating expense - interest expense	(667)	-	(362)	-
Change in net position/net assets	(178,137)	(1,298)	244,002	(6,599)
Net position/net assets at beginning of year	666,816	189,757	1,678,026	160,245
Transfer of net position/net assets	107,500	-	(107,500)	-
Net position/net assets at end of year	$ 596,179	188,459	1,814,528	153,646

See accompanying notes to financial statements.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Statement of Cash Flows
Year ended December 31, 2022

	County of Orleans Industrial Development Agency	Affiliates		
		Orleans Revolving Loan Fund	Orleans Land Restoration Corporation	Orleans County Local Development Corporation
Cash flows from operating activities:				
Cash received from grants	$ 204,500	-	654,000	130,263
Cash received from customers	184,656	-	-	4,705
Other income received	816	6,322	10,706	161
Cash paid to employees and benefits	(384,617)	-	-	-
Cash paid to vendors	(93,270)	(7,620)	(427,442)	(101,688)
Net cash provided by (used in) operating activities	(87,915)	(1,298)	237,264	33,441
Cash flows from investing activities:				
Loans granted	-	-	(314,000)	-
Collection of loans receivable	-	16,714	137,539	25,004
Net cash provided by (used in) investing activities	-	16,714	(176,461)	25,004
Cash flows from capital and related financing activities:				
Proceeds from long-term debt	500,000	-	-	-
Cash received from (paid to) related parties	107,500	-	(107,500)	-
Interest paid	(667)	-	(362)	-
Proceeds from sale of assets	30,001	-	30,001	-
Receipts from PILOTs	585,543	-	-	-
Payments made for PILOTs	(583,391)	-	-	-
Principal payments on long-term debt	(33,333)	-	(5,000)	-
Net cash provided by (used in) capital and related financing activities	605,653	-	(82,861)	-
Net change in cash and equivalents	517,738	15,416	(22,058)	58,445
Cash and equivalents at beginning of year	19,580	19,950	273,070	42,182
Cash and equivalents at end of year	$ 537,318	35,366	251,012	100,627

(Continued)

See accompanying notes to financial statements.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Statement of Cash Flows, Continued

	County of Orleans Industrial Development Agency	Affiliates		
		Orleans Revolving Loan Fund	Orleans Land Restoration Corporation	Orleans County Local Development Corporation
Cash flows from operating activities:				
Operating income (loss)	$ (177,470)	(1,298)	244,364	(6,599)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Gain on sale of assets	(7,101)	-	(7,100)	-
Change in:				
Receivables	67,638	-	-	41,690
Due from Affiliates	-	-	-	-
Prepaid expenses	(31)	-	-	-
Deferred outflow of resources	(19,119)	-	-	-
Accounts payable	-	-	-	(1,650)
Accrued expenses	(10,733)	-	-	-
Funds held on behalf of others - PILOT	2,000	-	-	-
Funds held on behalf of others - other	43,612	-	-	-
Net pension (asset) liability	(36,174)	-	-	-
Deferred inflow of resources	49,463	-	-	-
Net cash provided by (used in) operating activities	$ (87,915)	(1,298)	237,264	33,441
Supplemental schedule of cash flow information - cash paid for interest	$ 667	-	362	-

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

The County of Orleans Industrial Development Agency (COIDA) is a public benefit corporation authorized under the laws of the State of New York and, in particular, the New York State Industrial Development Agency Act, constituting Title 2 of Article 18-A of the General Municipal Law, to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, importing, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the County of Orleans (the County). COIDA is a component unit of the County.

The COIDA may acquire property, enter into lease agreements, mortgage agreements and pledge agreements.

In addition to the COIDA's activities listed above, the COIDA has established the Orleans Revolving Loan Fund (ORLF) on behalf of the Town of Albion, Town of Shelby, Town of Yates, Village of Holley and the County of Orleans, whose purpose is to issue Industrial Revenue Bonds for the purpose of constructing, acquiring, equipping and furnishing industrial manufacturing, warehousing, and certain commercial research and recreation facilities. During 2019, the ORLF refunded the grant to the various Towns and County at the directive of New York State Office of Community Renewal. After this refunding $250,000 of funds remained, which were then loaned to Medina Hospitality.

The Orleans Land Restoration Corporation (OLRC) is a non-profit entity incorporated in February 2006 for the purpose of promoting economic development in the County. This includes combating community deterioration and blight and reducing the burden of government by promoting remediation and reuse of contaminated land. In 2016, the OLRC created a new entity called the Orleans Land Holding, LLC (OLH) to hold toxic properties. The OLRC is its sole member. OLH has had no activity through December 31, 2022.

The Orleans County Local Development Corporation (OCLDC) was incorporated in September 1993 under the State of New York Not-for-Profit Law and Article 8, Title 8 of the Public Authorities Law. The OCLDC was incorporated for the purpose of encouraging the location and expansion of industrial and manufacturing facilities, the creation of new and improved job opportunities, the reduction of unemployment and the betterment of individual and community prosperity within the County.

(1) Summary of Significant Accounting Policies, Continued

(b) Relationship of Entities

These financial statements include the accounts of COIDA, ORLF, OCLDC and OLRC (collectively, the Agency). COIDA and OLRC share the same Board of Directors. OCLDC bylaws require six of its thirteen board members to be associated with either COIDA or the County. The same personnel manage COIDA, OCLDC and OLRC. There is no active board for the ORLF.

(c) Basis of Accounting

The financial statements of COIDA have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This statement codifies all sources of accounting principles generally accepted in the United States of America into the GASB's authoritative literature. The more significant accounting policies are described below:

- The COIDA's activities are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, deferred outflows of resources, deferred inflows of resources, net position, revenues, and expenses are accounted for through enterprise funds with revenue recorded when earned and expenses recorded at the time liabilities are incurred.
- ORLF, OLRC and OCLDC prepare their nonprofit financial statements on the accrual basis of accounting in conformance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB).

(d) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash and Equivalents

For purposes of the statement of cash flows, the Agency considers all temporary cash investments with a maturity of three months or less to be cash equivalents.

New York State statues govern the Agency's investment policies. Deposits are valued at cost or cost plus interest and are categorized as either: (1) insured; (2) collateralized with securities held by the Agency or by its agent in the Agency's name; (3) collateralized with securities held by the pledging financial institution's trust department in the Agency's name; or (4) uncollateralized.

(1) Summary of Significant Accounting Policies, Continued

(f) Capital Assets

Capital assets acquired by the Agency are stated at cost. Depreciation is recognized on a straight-line basis over the estimated useful life of the assets (ranging from 5 to 40 years). It is the Agency's policy not to capitalize interest on self-constructed assets.

(g) Grant Accounting

Revenue from grants is recognized as the Agency meets performance requirements of the contracts.

(h) Loans Receivable and Allowance for Doubtful Loans

Loans receivable are stated at their principal amount outstanding, less an allowance for doubtful loans. Interest income on loans are accrued as earned. The allowance for doubtful loans is established through charges against current operations and is maintained at a level which management considers adequate to provide for potential loan losses based on their evaluation of past loan experience, current economic conditions and known risks in the loan portfolio. Interest is not accrued on loans receivable when management believes that the borrower's financial condition, after giving consideration to economic and business conditions and collection efforts, is such that collection of interest is doubtful. In such cases, interest is recognized on a cash basis when collection occurs.

(i) Fair Value Measurements

A framework has been established for measuring fair value of loans receivable. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 - Inputs to the valuation methodology include:

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

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

(1) Summary of Significant Accounting Policies, Continued

(i) Fair Value Measurements, Continued

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

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

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(j) Deferred Outflows and Inflows of Resources

In the Statement of Net Position/Financial Position, in addition to assets, the Agency will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency has two items that qualify for reporting in this category. The first item is related to pensions reported in the Agency's Statement of Net Position/Financial Position. This represents the effect of the net change in the Agency's proportion of the collective net pension asset or liability and difference during the measurement period between the Agency's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the Agency contributions to the pension system subsequent to the measurement date.

The Agency also records a deferred inflows of resources, representing an increase in net position that applies to future periods. The amounts recorded at December 31, 2022 represent the changes in the proportion between the Agency's pension contributions and proportionate share of contributions and differences between expected and actual experience.

(1) Summary of Significant Accounting Policies, Continued

(k) Financial Instruments

The Agency makes loans to small businesses located in the County. These loans are made at a favorable interest rate that varies with the prime rate. The governing board approves these loans after giving consideration to the major criteria, i.e., enhancement of the economic environment. These loans are collateralized by the respective businesses' assets and personal guarantees of the owners. Interest is recognized on these loans as it is paid (i.e., interest is not accrued when past due).

(l) Net Position/Net Assets With Donor Restrictions

Restrictions of net position/net assets are created to either satisfy legal requirements or to earmark resources unavailable for current operations.

(m) Budgetary Policies

The Agency's administration prepares a proposed budget for the COIDA, which is then approved by the Board of Directors. This budget is then submitted to the Orleans County Legislature for review. Such appropriations constitute a limitation on expenses that may be incurred. Appropriations lapse at the end of each fiscal year end.

(n) Subsequent Events

The Agency has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(o) Income Taxes

COIDA is a quasi-governmental organization and is not subject to federal or state income taxes, nor is it required to file federal or state income tax returns. OCLDC and OLRC are exempt from income taxes under section 501(c)(3) of the Internal Revenue Code (IRC). Therefore, no provision for income taxes is reflected in the financial statements. OCLDC and OLRC presently disclose or recognize income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the entities have taken no uncertain tax positions that require adjustment in the financial statements. U.S. Forms 990 filed by OCLDC and OLRC are subject to examination by taxing authorities.

(2) Liquidity

The Agency has $724,309 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of $403,272 of cash and equivalents and $321,036 of current receivables. $652,842 of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2022 statement of financial position.

(2) Liquidity, Continued

Additionally, the Agency manages liquidity needed for operations primarily through budgeted monthly cash inflows and outflows. Cash inflows can easily be predicted since they are comprised mostly of loan payments. Cash outflows are planned accordingly so as not to exceed those expected inflows.

(3) Payments in Lieu of Taxes (PILOT)

The Agency, through established agreements with local organizations, is the conduit of PILOT receipts, which are passed through to the local governments, in lieu of the real property taxes which would have been assessed had these organizations not received these tax abatements for economic purposes.

(4) Concentrations of Credit Risk

Financial instruments that potentially subject the Agency to credit risk include cash on deposit with a financial institution, which was insured for up to $250,000 by the U.S. Federal Deposit Insurance Corporation (FDIC). The cash accounts of the Agency's at December 31, 2022 were as follows:

	Carrying amount	Bank balance	Insured	Collateralized	Uncollateralized
COIDA	$ 537,318	542,821	250,000	292,821	-
ORLF	35,366	35,366	35,366	-	-
OCLDC	100,627	100,627	100,626	-	-
OLRC	251,012	251,830	250,000	1,830	-
	$ 924,323	930,644	635,992	294,651	-

New York State Municipal Law requires that the COIDA and ORLF's bank balances be insured or collateralized. At December 31, 2022, the COIDA and ORLF's bank balances were fully insured or collateralized.

OLRC and OCLDC are not required to collateralize its bank deposits. Periodically it maintains deposits over FDIC insurance excess.

(5) Loans Receivable

COIDA administers a revolving loan fund (OLRF) offering low interest loans to area businesses. OCLDC and OLRC each have a similar revolving loan fund. The respective governing board approves loans after giving consideration to the major criteria, i.e., enhancement of the economic environment. A summary of the loans receivable at December 31, 2022 is as follows:

	Interest rate	Balance
ORLF - Medina Hospitality	4.1250%	$ 205,641
Less allowance for doubtful accounts		(61,500)
		144,141
Less current installments		(17,358)
Loans receivable less current installments		$ 126,783
OCLDC:		
Fastfitness for Women, Inc. (2013)	2.4375%	2,550
Rachel and Rob's Wildwood Lake Family Campgrounds, Inc.	3.0000%	21,230
Shirt Factory Cafe	2.4380%	7,195
Gallo's Hauling	0.0%	10,000
DC Hauling	0.0%	9,334
Laura Loxley Vintage Inspired Goods	0.0%	5,000
Total loans receivable - OCLDC		55,309
Less current installments		(29,389)
Loans receivable less current installments		$ 25,290
OLRC:		
ARG Services of WNY, Inc.	3.3750%	81,741
LynOaken Farms, Inc.	1.0000%	124,040
MJZ Restaurant Group LLC	2.5000%	34,810
Quorum Group, LLC - Take Form	3.3800%	140,350
Quorum Group LLC	0.0%	300,000
Velocittii LLC	4.69%	275,000
Total loans receivable - OLRC		955,941
Less allowance for forgiven loans		(300,000)
		655,941
Less current installments		(237,141)
Loans receivable, less current installments		$ 418,800

(5) Loans Receivable, Continued

The table that follows presents a summary of changes in the fair value of each organizations level 3 assets (loans receivable) for the year ended December 31, 2022:

	ORLF	OCLDC	OLRC
Balance at beginning of year	$ 160,855	80,313	479,480
Add: additional loans	-	-	314,000
Less amounts paid	(16,714)	(25,004)	(137,539)
Balance at end of year	$ 144,141	55,309	655,941
Aging			
Current	$ 144,141	55,309	655,941
30 - 90 days	-	-	-
Nonaccrual	-	-	-
Total	$ 144,141	55,309	655,941

(6) Acquisition of Land

In June 2007, OLRC acquired land located in the Village of Medina from MCG Intermediate Holdings, Inc. (the Seller) for $1. In consideration for assuming all liabilities associated with this property, OLRC received a charitable donation of $30,000 from the seller. Accordingly, the land is not included on the accompanying statement of net position/ financial position as it was acquired at no cost.

(7) Note Payable

COIDA had a note payable issued on September 9, 2022 in the amount of $500,000 to be repaid over a three year term beginning on March 1, 2024 and will bear interest at 3%. The balance of the note amounted to $500,000 at December 31, 2022. The aggregate maturity of the note payable for the four years following December 31, 2022 is as follows:

2023	$ -
2024	166,666
2025	166,667
2026	166,667
	$ 500,000

(8) Line of Credit

COIDA also has a line of credit of $35,000 with a local bank. Interest on outstanding borrowings is 6.75%. There was no outstanding balance on this line of credit as of December 31, 2022.

(9) Capital Assets

A summary of capital assets activity during the year ended December 31, 2022 is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
OCIDA:				
Land and site improvements	$ 657,957	-	(22,900)	635,057
Furniture and equipment	22,331	-	-	22,331
	680,288	-	(22,900)	657,388
Less accumulated depreciation for furniture and equipment	(22,331)	-	-	(22,331)
Capital assets, net of accumulated depreciation	$ 657,957	-	(22,900)	635,057
OLRC:				
Land and site improvements	834,322	-	(22,901)	811,421
Furniture and equipment	4,675	-	-	4,675
	838,997	-	(22,901)	816,096
Less accumulated depreciation for furniture and equipment	(4,675)	-	-	(4,675)
Capital assets, net of accumulated depreciation	$ 834,322	-	(22,901)	811,421

The OLH received property on Sanderson Road from the Town of Shelby for $0. The intention is to transfer this property to the OLRC at the start of construction to improve the land. Due to the cost of the property being $0 and no future cash flows are expected for this property, it is not reflected in the above activity.

(10) Pension Plan

(a) Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The Agency participates in the New York State and Local Employees' Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Agency also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/ retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 6.0 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS
2022	$ 31,314
2021	46,983
2020	39,494

(10) Pension Plan, Continued

(b) Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the Agency reported the following liability (asset) for its proportionate share of the net pension liability (asset) for the System. The net pension liability (asset) was measured as of March 31, 2022. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation. The Agency's proportionate share of the net pension liability (asset) was based on a projection of the Agency's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Agency.

Actuarial valuation date	4/1/2021
Measurement date	3/31/2022
Net pension asset	$ 35,929
Agency's proportion of the Plan's net pension asset	0.0004395%

For the year ended December 31, 2022, the Agency recognized pension expense of $29,017 for the System. At December 31, 2022 the Agency's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,721	(3,529)
Changes in assumption	59,961	(1,012)
Net difference between projected and actual earnings on pension plan investments	-	(117,652)
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	68,754	(3,055)
Agency's contributions subsequent to the March 31, 2021 measurement date	23,486	-
Total	$ 154,922	(125,248)

(10) Pension Plan, Continued

(b) Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

Agency contributions subsequent to the March 31, 2022 measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending	
2023	$ 14,402
2024	5,766
2025	(16,609)
2026	2,629
	$ 6,188

(c) Actuarial Assumptions

The total pension liability (asset) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability (asset) to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

Measurement date	March 31, 2022
Actuarial valuation date	April 1, 2021
Investment rate of return (net of investment expense, including inflation)	5.9%
Salary scale	4.4%
Cost-of-living adjustments	1.4%
Inflation rate	2.7%

Annuitant mortality rates are based on April 1, 2016 - March 31, 2021 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2016 - March 31, 2021.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation.

(10) Pension Plan, Continued

(c) Actuarial Assumptions, Continued

The target allocation and based estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Measurement date	March 31, 2022	
	Target allocation	Long-term expected real rate of return*
Asset type:		
Domestic equity	32%	3.30%
International equity	15%	5.85%
Private equity	10%	6.50%
Real estate	9%	5.00%
Opportunistic/ARS portfolio	3%	4.10%
Credit	4%	3.78%
Real assets	3%	5.80%
Fixed income	23%	0.00%
Cash	1%	(1.00%)
	100%	

* The real rate of return is net of the long-term inflation assumption of 2.50%.

(d) Discount Rate

The discount rate used to calculate the total pension liability (asset) was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

(e) Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption

The following presents the Agency's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the Agency's discount rate that is 1-percentage point lower (4.9%) or 1-percentage point higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability (asset)	$ 92,480	(35,929)	(143,337)

(10) Pension Plan, Continued

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (asset) of all participating employers as of the respective valuation dates, were as follows:

	(Dollars in Millions)
Valuation date	3/31/2022
Employers' total pension liability	$ 220,580
Plan net position	(220,680)
Employers' net pension liability (asset)	$ (100)
Ratio of plan net position to the Employers' total pension liability	103.65%

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of December 31, 2022 represent the projected employer contribution for the period of April 1, 2022 through March 31, 2023 and April 1, 2021 through March 31, 2022, respectively based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying financial statements.

(11) Related Party Transactions

On January 11, 2012, COIDA and OLRC entered a property ownership agreement with both entities having a 50% interest in properties previously owned by COIDA. As part of the agreement, COIDA and OLRC also entered into a loan transaction used to refinance existing mortgages on a portion of the properties and pay off a line of credit held by COIDA. This loan amounted to $500,000 (was paid in full during 2019). COIDA will provide staffing to monitor and manage the properties and shall provide in-kind services. OLRC will be responsible for routine and recurring costs associated with ownership of the properties and will pay debt service with respect to financing on the properties.

COIDA has a related party relationship with all three Affiliates, the OCLDC, OLRC, and ORLF. All three Affiliates are managed by the same personnel. COIDA allocates a portion of its personnel costs to the Affiliates. For the year ended December 31, 2022, OCLDC and OLRC incurred costs of $1,526 and $5,805, respectively, reported as professional fees.

(11) Related Party Transactions, Continued

During 2017 and 2016, OLRC constructed a sewer system through one of the land sites. Funds were provided by both COIDA and OLRC. As of December 31, 2019, the sewer system was split between the two entities. During the year, COIDA and OLRC experienced cash flow issues resulting in the need to borrow funds from the related party affiliates listed at note 1(a). The below schedule reflects the interaffiliate receivables and payables as of December 31, 2022.

	Interfund Affiliate	
	Receivable	Payable
COIDA	$ -	60,106
ORLF	8,952	-
OLRC	132,839	81,685
OCLDC	-	-
Total	$ 141,791	141,791

(12) Leases

In September 2006, COIDA entered into a lease agreement with Western New York Energy, LLC (WNY Energy) for the Rail Spur Facility (the Facility). As of December 31, 2016, WNY Energy pays $1 per year to lease the facility. The lease is cancelable by WNY Energy between 45 and 90 days upon giving notice of its intent. Upon expiration or termination of the lease, WNY Energy must purchase the facility for $1 plus all remaining rental payments.

(13) Contingencies

Contingencies at December 31, 2022 are as follows:

(a) Risk-Financing and Related Insurance

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees, errors and omissions, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

(b) Judgments

There are several lawsuits in which the Agency has been named as defendant due to a property's title being in the name of the Agency. Management does not expect the Agency to suffer any material liability by reason of such actions, nor does it expect that such actions will have a material effect on the Agency's liquidity or operating results.

(13) Contingencies, Continued

(c) Other Items

The Agency has received grants that are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, Agency's management believes disallowances, if any, will be immaterial.

The Agency is potentially liable for environmental remediation for land acquired in June 2007 as described in note 6. No accrued liability has been included in the accompanying financial statements, as work has not yet commenced. Management believes that the costs to clean up this site will be approximately equal to rental payments received from WNY Energy and grants awarded to the Agency in the amount of $135,000.

(14) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

Statement No. 101 - Compensated Absences. Effective for fiscal years beginning after December 15, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Year ended December 31, 2022

	NYSERS Pension Plan								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Agency's proportion of the net pension liability (asset)	0.0004395%	0.0024580%	0.0002847%	0.0002916%	0.0003148%	0.0003473%	0.0003524%	0.0003501%	0.0003501%
Agency's proportionate share of the net pension liability (asset)	$ (35,929)	245	75,393	20,661	10,160	32,638	55,567	11,831	15,823
Agency's covered payroll	$ 276,552	262,890	246,839	233,750	222,470	211,934	205,991	191,590	178,763
Agency's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	12.99%	0.09%	30.54%	8.84%	4.57%	15.40%	26.98%	6.18%	8.85%
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.65%	99.95%	86.39%	96.30%	98.24%	94.70%	90.70%	97.95%	97.20%

(1) The amounts presented for each fiscal year were determined as of the March 31, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 measurement dates of the plans.

(2) The schedule is presented to illustrate the requirement for 10 years. However, data is not available prior to fiscal year 2014 implementation of Governmental Accounting Standards Board Statement No. 68 - "Accounting and Financial Reporting for Pensions."

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Required Supplementary Information
Schedule of Employer Pension Contributions
Year ended December 31, 2022

NYSERS Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 31,314	46,983	39,494	36,699	34,927	33,486	32,547	41,181	39,137	35,822
Contributions in relation to the contractually required contribution	31,314	46,983	39,494	36,699	34,927	33,486	32,547	41,181	39,137	35,822
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
Agency's covered payroll	$276,552	262,890	246,839	233,750	222,470	211,934	205,991	191,590	178,763	166,230
Contributions as a percentage of covered payroll	11.32%	17.87%	16.00%	15.70%	15.70%	15.80%	15.80%	21.49%	21.89%	21.55%

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Schedule of Expenditures of Federal Awards
Year ended December 31, 2022

Federal Grantor/Program Title	Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	$ 1,283,501	-

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES

Notes to Schedule of Expenditures of Federal Awards

December 31, 2022

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs administered by the County of Orleans Industrial Development Agency and Affiliates (the Agency). Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the schedule of expenditures of federal awards.

(2) Basis of Accounting

The schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

(3) Indirect Costs

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented. The Agency does not use the 10% de minimis election.

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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

The Board of Directors
County of Orleans Industrial Development
Agency and Affiliates:

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 County of Orleans Industrial Development Agency and Affiliates (the Agency), as of and for the year ended December 31, 2022, and the related notes to financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated June 16, 2023.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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 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. We consider the deficiency described in the accompanying schedule of findings to be a material weakness (finding 2022-001).

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, including Investment Guidelines for Public Authorities and the Agency's investment policy, 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.

The Agency's Response to Findings

The Agency's responses to the finding identified in our audit are included in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 16, 2023

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors
County of Orleans Industrial Development
Agency and Affiliates:

Report on Compliance for the Major Program

Opinion on the Major Program

We have audited the County of Orleans Industrial Development Agency and Affiliates' (the Agency) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Agency's major federal program for the year ended December 31, 2022. The Agency's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County of Orleans Industrial Development Agency and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major program for the year ended December 31, 2022.

Basis for Opinion on the Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of the major program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 16, 2023

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES

Schedule of Findings and Questioned Costs

Year ended December 31, 2022

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
1. Material weakness(es) identified?	_x_ Yes ____ No
2. Significant deficiency(ies) identified?	____ Yes _x_ None reported
3. Noncompliance material to financial statements noted?	____ Yes _x_ No

Federal Awards:

Internal control over major programs:	
4. Material weakness(es) identified?	____ Yes _x_ No
5. Significant deficiency(ies) identified?	____ Yes _x_ None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)?	____ Yes _x_ No
7. The Agency's major program audited was:	
Name of Federal Program	Assistance Listing Number
Community Development Block Grants	14.228
8. Dollar threshold used to distinguish between Type A and Type B programs.	$750,000
9. Auditee qualified as low-risk auditee?	____ Yes _x_ No

Part II - FINDINGS - FINANCIAL STATEMENTS AUDIT

See page 40

Part III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No reportable findings or questioned costs.

Finding 2022-001

Accounting Controls

Material audit adjustments were necessary to properly report the financial position and results of operations for the year ended December 31, 2022.

The Agency's internal controls do not clearly define the responsibilities for the functions of the bookkeeper and the Agency's local accountant. We noted instances where incorrect information was entered into the Agency's accounting system. Clearly defined roles of the bookkeeper and the Agency's local accountant covering responsibilities for preparing, approving, posting and reviewing transaction are needed. A well defined internal control system where transactions are approved and postings are reviewed, with accounts analyzed and reconciled periodically, produces reliable financial reports for management with little modification.

Prior Funding - This is a report of finding 2021-001.

Recommendations

We recommend that the Agency implement a policy where all transactions entered into the accounting system by the bookkeeper are approved by the Agency's local accountant to ensure that the transaction is properly recorded. We recommend that the Agency continues to review and improve its accounting records.

Management's Response

Management of the Agency has reviewed the comments and will implement procedures and policies to correct weaknesses as outlined in this report.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES

Status of Prior Year Audit Findings

December 31, 2022

An audit in accordance with Uniformed Guidance was not required to be conducted with regard to the prior year financial statements (December 31, 2021).