

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Financial Statements

December 31, 2021

(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, 2021, 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, 2021, 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, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 8, 2022 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  
April 8, 2022

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Management's Discussion and Analysis

December 31, 2021

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, 2021. 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, 2021 and 2020.

<u>Statements of Net Position</u>		<u>2021</u>	<u>2020</u>
<u>Assets</u>			
Current assets:			
Cash and equivalents		\$ 19,580	330,305
Restricted cash		928,478	986,584
Receivables		70,114	78,963
Prepaid expenses		<u>128</u>	<u>110</u>
Total current assets		1,018,300	1,395,962
Net capital assets		<u>657,957</u>	<u>693,241</u>
Total assets		<u>1,676,257</u>	<u>2,089,203</u>
<u>Deferred Outflows of Resources</u>			
Pensions		<u>135,803</u>	<u>120,995</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable		-	49,016
Accrued expenses		47,297	42,499
Funds held on behalf of others - PILOT		873,427	931,533
Funds held on behalf of others - other		55,051	55,051
Current installments of note payable		33,333	67,480
Line of credit		-	35,000
Due to Affiliates		<u>60,106</u>	<u>93,290</u>
Total current liabilities		1,069,214	1,273,869
Net pension liability - proportionate share - ERS		<u>245</u>	<u>75,393</u>
Total liabilities		<u>1,069,459</u>	<u>1,349,262</u>
<u>Deferred Inflows of Resources</u>			
Pensions		<u>75,785</u>	<u>3,170</u>
<u>Net Position</u>			
Net investment in capital assets		657,957	693,241
Unrestricted		<u>8,859</u>	<u>164,525</u>
Net position		\$ <u>666,816</u>	<u>857,766</u>

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Management's Discussion and Analysis, Continued

Cash and equivalents decreased by \$310,725, which is primarily due the Agency's paying off a line of credit, payments on long-term debt, accounts payable, and amounts due to affiliates.

Receivables decreased by \$8,849, which is due to collection of an outstanding receivable from Niagara Food Specialties in 2021.

Total liabilities decreased by \$279,803, which is primarily due to PILOT funds being returned to Wester New York Energy in the current year, decreases in accounts payable, line of credit, and the net pension liability.

Total net position decreased by \$190,950 for 2021 compared to the increase of \$179,090 for 2020, the decrease in revenue of \$243,796 is primarily from an decrease in economic development fees.

Statements of Activities

	<u>2021</u>	<u>2020</u>
Operating revenue	\$ 421,923	665,719
Operating expenses	(608,626)	(486,423)
Operating income (loss)	(186,703)	179,296
Non-operating income (expense)	<u>(4,247)</u>	<u>(206)</u>
Change in net position	\$ <u>(190,950)</u>	<u>179,090</u>

COIDA revenue decreased primarily due to a decrease in administrative fees which includes the economic development fees. Operating expenses increased primarily due to an increase 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.



COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Management's Discussion and Analysis, Continued

In fiscal 2021, COIDA reported an overall variance in operating revenue of \$73,477, 14.8% less than anticipated when comparing actual to budget primarily due to an decrease of administrative fees.

Actual operating expenses were greater than anticipated expenses by \$88,216 or 17.0%. The primary component of this variance was \$37,425 for employee benefits related to changes in the ERS net pension liability valuation and \$50,327 for professional fees over budget items offset by \$20,307 for auto and travel expenses that were under budget.

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

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Operating revenue:			
Administrative fees	\$ 150,980	286,000	(135,020)
State and local aid	205,500	205,500	-
Rental income	-	3,600	(3,600)
Gain on sale of assets	65,191	-	65,191
Other income	<u>252</u>	<u>300</u>	<u>(48)</u>
Total operating revenue	<u>421,923</u>	<u>495,400</u>	<u>(73,477)</u>
Operating expenses:			
Personnel services	292,573	285,376	7,197
Employee benefits	110,077	72,652	37,425
Professional fees	119,427	69,100	50,327
Occupancy	23,110	25,532	(2,422)
Auto and travel	5,693	26,000	(20,307)
Telephone	8,091	5,000	3,091
Office supplies and expenses	4,658	2,600	2,058
Repairs and maintenance	1,680	4,500	(2,820)
Dues and subscriptions	2,675	50	2,625
Advertising	30,406	21,000	9,406
Depreciation	-	6,000	(6,000)
Miscellaneous	<u>10,236</u>	<u>2,600</u>	<u>7,636</u>
Total operating expenses	<u>608,626</u>	<u>520,410</u>	<u>88,216</u>
Change in net position	\$ <u>(186,703)</u>	<u>(25,010)</u>	<u>(161,693)</u>

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Management's Discussion and Analysis, Continued

CAPITAL ASSETS

COIDA has \$657,957 and \$693,241 of capital assets at December 31, 2021 and 2020, respectively. There is \$22,331 of accumulated depreciation associated with these assets as of December 31, 2021 and 2020.

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.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences on a national, regional and local level are unknown, but have the potential to result in a significant economic impact. The impact of this situation on the Agency and its future results and financial position is not presently determinable.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT AGENCY

For further information, please contact:

Orleans Economic Development Agency  
121 North Main Street  
Albion, New York 14411  
Michael Dobell  
Chief Executive Officer/Chief Financial Officer

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
 AGENCY AND AFFILIATES  
 Statement of Net Position/Financial Position  
 December 31, 2021

<u>Assets</u>	County of Orleans Industrial Development <u>Agency</u>	<u>Affiliates</u>		
		Orleans Revolving Loan <u>Fund</u>	Orleans Land Restoration <u>Corporation</u>	Orleans County Local Development <u>Corporation</u>
Current assets:				
Cash and equivalents:				
Operating	\$ 19,580	19,950	273,070	42,182
Restricted - PILOT	873,427	-	-	-
Restricted - other	55,051	-	-	-
Total cash and equivalents	<u>948,058</u>	<u>19,950</u>	<u>273,070</u>	<u>42,182</u>
Receivables:				
Accounts	70,114	-	-	61,726
Loans	-	16,657	133,349	27,370
Total receivables	<u>70,114</u>	<u>16,657</u>	<u>133,349</u>	<u>89,096</u>
Due from Affiliates	-	8,952	132,839	-
Prepaid expenses	128	-	-	-
Total current assets	<u>1,018,300</u>	<u>45,559</u>	<u>539,258</u>	<u>131,278</u>
Noncurrent assets:				
Loans receivable, less allowance for doubtful loans	-	144,198	346,131	52,943
Deposit held for land option	-	-	45,000	-
Capital assets, net of accumulated depreciation	657,957	-	834,322	-
Total noncurrent assets	<u>657,957</u>	<u>144,198</u>	<u>1,225,453</u>	<u>52,943</u>
Total assets	<u>1,676,257</u>	<u>189,757</u>	<u>1,764,711</u>	<u>184,221</u>
<u>Deferred Outflow of Resources</u>				
Pensions	135,803	-	-	-

(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	Orleans Land Restoration Corporation	Orleans County Local Development Corporation
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ -	-	-	23,976
Accrued expenses	47,297	-	-	-
Funds held on behalf of others - PILOT	873,427	-	-	-
Funds held on behalf of others - other	55,051	-	-	-
Current installments of notes payable	33,333	-	5,000	-
Due to Affiliates	<u>60,106</u>	<u>-</u>	<u>81,685</u>	<u>-</u>
Total current liabilities	1,069,214	-	86,685	23,976
Noncurrent liabilities - net pension liability - proportionate - ERS				
	<u>245</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,069,459</u>	<u>-</u>	<u>86,685</u>	<u>23,976</u>
<u>Deferred Inflow of Resources</u>				
Pensions	<u>75,785</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Position/Assets</u>				
Net investment in capital assets	657,957	-	-	-
Net assets without donor restrictions	-	189,757	-	-
Net assets with donor restrictions	-	-	1,678,026	160,245
Unrestricted	<u>8,859</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net position/net assets	<u>\$ 666,816</u>	<u>189,757</u>	<u>1,678,026</u>	<u>160,245</u>

See accompanying notes to financial statements.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES  
Statement of Activities  
Year ended December 31, 2021

	County of	<u>Affiliates</u>		
	Orleans Industrial Development <u>Agency</u>	Orleans Revolving Loan <u>Fund</u>	Orleans Land Restoration <u>Corporation</u>	Orleans County Local Development <u>Corporation</u>
Operating revenue:				
Administrative fees	\$ 150,980	-	-	-
State and local aid	205,500	-	-	-
Grant revenue	-	-	-	151,673
Program income - interest and penalties on loans	-	6,996	12,200	2,160
Gain on sale of assets	65,191	-	51,194	-
Other income	<u>252</u>	<u>-</u>	<u>-</u>	<u>1,347</u>
Total operating revenue	<u>421,923</u>	<u>6,996</u>	<u>63,394</u>	<u>155,180</u>
Operating expenses:				
Personnel services	292,573	-	-	-
Employee benefits	110,077	-	-	-
Professional fees	119,427	3,267	50,816	21,885
Program expenses	-	-	-	1,866
Grant expenses	-	-	-	151,630
Occupancy	23,110	1,269	1,419	-
Auto and travel	5,693	-	-	640
Telephone	8,091	-	-	-
Office supplies and expenses	4,658	-	-	208
Repairs and maintenance	1,680	-	-	-
Dues and subscriptions	2,675	-	-	-
Advertising	30,406	-	16,433	935
Grant administrative expense	-	-	-	8,557
Miscellaneous	<u>10,236</u>	<u>616</u>	<u>841</u>	<u>1,046</u>
Total operating expenses	<u>608,626</u>	<u>5,152</u>	<u>69,509</u>	<u>186,767</u>
Operating income (loss)	(186,703)	1,844	(6,115)	(31,587)
Non-operating income (expense) - interest expense	<u>(4,247)</u>	<u>-</u>	<u>(1,229)</u>	<u>-</u>
Change in net position/net assets	(190,950)	1,844	(7,344)	(31,587)
Net position/net assets at beginning of year	<u>857,766</u>	<u>187,913</u>	<u>1,685,370</u>	<u>191,832</u>
Net position/net assets at end of year	<u>\$ 666,816</u>	<u>189,757</u>	<u>1,678,026</u>	<u>160,245</u>

See accompanying notes to financial statements.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
 AGENCY AND AFFILIATES  
 Statement of Cash Flows  
 Year ended December 31, 2021

	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	\$ 205,500	-	-	89,947
Cash received from customers	159,829	-	-	2,160
Other income received	252	6,996	12,200	1,347
Cash paid to employees and benefits	(415,193)	-	-	-
Cash paid to vendors	(255,010)	(8,377)	(72,734)	(166,016)
Cash received from (paid to) related parties	<u>(33,184)</u>	<u>-</u>	<u>8,184</u>	<u>25,000</u>
Net cash used in operating activities	<u>(337,806)</u>	<u>(1,381)</u>	<u>(52,350)</u>	<u>(47,562)</u>
Cash flows from investing activities - collection of loans receivable	<u>-</u>	<u>16,040</u>	<u>138,080</u>	<u>30,872</u>
Cash flows from capital and related financing activities:				
Payments on line of credit	(35,000)	-	-	-
Interest paid	(4,247)	-	(1,229)	-
Proceeds from sale of assets	100,475	-	110,941	-
Receipts from PILOTs	995,023	-	-	-
Payments made for PILOTs	(995,023)	-	-	-
Principal payments on long-term debt	<u>(34,147)</u>	<u>-</u>	<u>(54,601)</u>	<u>-</u>
Net cash provided by capital and related financing activities	<u>27,081</u>	<u>-</u>	<u>55,111</u>	<u>-</u>
Net change in cash and equivalents	(310,725)	14,659	140,841	(16,690)
Cash and equivalents at beginning of year	<u>330,305</u>	<u>5,291</u>	<u>132,229</u>	<u>58,872</u>
Cash and equivalents at end of year	<u>\$ 19,580</u>	<u>19,950</u>	<u>273,070</u>	<u>42,182</u>

(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)	\$ (186,703)	1,844	(6,115)	(31,587)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:				
Gain on sale of assets	(65,191)	-	(51,194)	-
Change in:				
Receivables	8,849	-	-	(61,726)
Due from Affiliates	-	-	8,184	25,000
Prepaid expenses	(18)	-	-	-
Deferred outflow of resources	(14,808)	-	-	-
Accounts payable	(49,016)	(3,225)	(3,225)	20,751
Accrued expenses	4,798	-	-	-
Due to Affiliates	(33,184)	-	-	-
Net pension liability	(75,148)	-	-	-
Deferred inflow of resources	<u>72,615</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in operating activities	<u>\$ (337,806)</u>	<u>(1,381)</u>	<u>(52,350)</u>	<u>(47,562)</u>
Supplemental schedule of cash flow information - cash paid for interest	<u>\$ 4,247</u>	<u>-</u>	<u>1,229</u>	<u>-</u>

See accompanying notes to financial statements.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements

December 31, 2021

(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, 2021.

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.

(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.



COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(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 statutes 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.

(f) Restricted Cash

Restricted cash represents amounts held for Payments In Lieu Of Taxes (PILOT) that have not yet been paid to the appropriate taxing jurisdiction (note 3). Additionally, restricted cash includes funds held on behalf of a project with the Village of Medina in the amount of \$55,501 at December 31, 2021.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) 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.

(h) Grant Accounting

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

(i) 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.

(j) 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.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) 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.

(k) 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, 2021 and 2020 represent the changes in the proportion between the Agency's pension contributions and proportionate share of contributions and differences between expected and actual experience.

(l) 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).

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) 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.

(n) 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.

(o) 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.

(p) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences on a national, regional and local level are unknown, but have the potential to result in a significant economic impact. The impact of this situation on the Agency and its future results and financial position is not presently determinable.

(q) 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 \$663,998 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$354,782 of cash and equivalents and \$309,216 of current receivables. \$537,697 of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2021 statement of financial position.

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.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(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) Funds Held on Behalf of Others

The COIDA maintains a bank accounts for payments in lieu of taxes (PILOT payments) made by Western New York Energy, LLC. This account is maintained to set aside funds to pay amounts to County of Orleans, the Town of Shelby and Medina Central School District in 2022. At December 31, 2021, these funds amounted to \$873,427 of which \$465,974 was held in a fully insured trust account and \$407,480 was held in a checking account.

(5) 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, 2021 were as follows:

	<u>Carrying amount</u>	<u>Bank balance</u>	<u>Insured</u>	<u>Collateralized</u>	<u>Uncollateralized</u>
COIDA	\$ 19,580	79,529	79,529	-	-
ORLF	19,950	19,950	19,950	-	-
OCLDC	42,182	40,823	40,823	-	-
OLRC	<u>273,070</u>	<u>273,585</u>	<u>250,000</u>	<u>23,585</u>	-
	<u>\$ 354,782</u>	<u>413,887</u>	<u>390,302</u>	<u>23,585</u>	-

New York State Municipal Law requires that the COIDA and ORLF's bank balances be insured or collateralized. At December 31, 2021, 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.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(6) 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, 2021 is as follows:

	<u>Interest rate</u>	<u>Balance</u>
ORLF - Medina Hospitality	4.1250%	\$ 222,355
Less allowance for doubtful accounts		<u>(61,500)</u>
		160,855
Less current installments		<u>(16,657)</u>
Loans receivable less current installments		\$ <u>144,198</u>
 OCLDC:		
Fastfitness for Women, Inc. (2013)	2.4375%	4,250
Rachel and Rob's Wildwood Lake Family Campgrounds, Inc.	3.0000%	26,790
Shirt Factory Cafe	2.4380%	9,523
Gallo's Hauling	0.0%	17,333
DC Hauling	0.0%	15,167
Laura Loxley Vintage Inspired Goods	0.0%	<u>7,250</u>
Total loans receivable - OCLDC		80,313
Less current installments		<u>(27,370)</u>
Loans receivable less current installments		\$ <u>52,943</u>
 OLRC:		
ARG Services of WNY, Inc.	3.3750%	110,549
LynOaken Farms, Inc.	1.0000%	143,717
Quorum Group, LLC - Take Form	3.3800%	225,214
Quorum Group LLC	0.0%	<u>300,000</u>
Total loans receivable - OLRC		779,480
Less allowance for forgiven loans		<u>(300,000)</u>
		479,480
Less current installments		<u>(133,349)</u>
Loans receivable, less current installments		\$ <u>346,131</u>

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(6) 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, 2021:

	<u>ORLF</u>	<u>OCLDC</u>	<u>OLRC</u>
Balance at beginning of year	\$ 176,895	111,185	617,560
Less amounts paid	<u>(16,040)</u>	<u>(30,872)</u>	<u>(138,080)</u>
Balance at end of year	\$ <u>160,855</u>	<u>80,313</u>	<u>479,480</u>
<u>Aging</u>			
Current	\$ 160,855	80,313	479,480
30 - 90 days	-	-	-
Nonaccrual	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>160,855</u>	<u>80,313</u>	<u>479,480</u>

(7) 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.

(8) Notes Payable

COIDA and ORLC had the following notes payable at December 31, 2021:

	<u>COIDA</u>	<u>OLRC</u>
Note payable issued on August 12, 2017 in the amount of \$100,000 was modified on September 1, 2017 to be repaid over a 3 year term on September 1, 2018 and will bear interest at 2%.	\$ 33,333	-
Note payable to a land owner issued to finance an option agreement to purchase 128 acres of land. The note is payable in five annual installments of \$5,000 and does not bear interest.	-	5,000
Less current installments	<u>(33,333)</u>	<u>(5,000)</u>
Notes payable, less current installments	\$ <u>-</u>	<u>-</u>

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(9) 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, 2021.

(10) Capital Assets

A summary of capital assets activity during the year ended December 31, 2021 is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>OCIDA:</b>				
Land and site improvements	\$ 693,241	-	(35,284)	657,957
Furniture and equipment	<u>22,331</u>	-	-	<u>22,331</u>
	715,572	-	(35,284)	680,288
Less accumulated depreciation for furniture and equipment	<u>(22,331)</u>	-	-	<u>(22,331)</u>
Capital assets, net of accumulated depreciation	\$ <u>693,241</u>	<u>-</u>	<u>(35,284)</u>	<u>657,957</u>
	Beginning Balance	Additions	Disposals	Ending Balance
<b>OLRC:</b>				
Land and site improvements	\$ 894,069	-	(59,747)	834,322
Furniture and equipment	<u>4,675</u>	-	-	<u>4,675</u>
	898,744	-	(59,747)	838,997
Less accumulated depreciation for furniture and equipment	<u>(4,675)</u>	-	-	<u>(4,675)</u>
Capital assets, net of accumulated depreciation	\$ <u>894,069</u>	<u>-</u>	<u>(59,747)</u>	<u>834,322</u>

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.



COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(11) 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](http://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:

	<u>ERS</u>
2021	\$ 46,983
2020	39,494
2019	36,699

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(11) Pension Plan, Continued

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

At December 31, 2021, the Agency reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Agency's proportionate share of the net pension liability 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	4/1/2020
Measurement date	3/31/2021
Net pension liability	\$ <u>245</u>
Agency's proportion of the Plan's net pension liability	0.0002458%

For the year ended December 31, 2021, the Agency recognized pension expense of \$27,771 for the System. At December 31, 2021 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	\$ 2,989	-
Changes in assumption	-	(849)
Net difference between projected and actual earnings on pension plan investments	45,002	(70,307)
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	52,575	(4,629)
Agency's contributions subsequent to the March 31, 2021 measurement date	<u>35,237</u>	<u>-</u>
Total	\$ <u>135,803</u>	<u>(75,785)</u>

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(11) Pension Plan, Continued

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

Agency contributions subsequent to the March 31, 2021 measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>ERS</u>
2022	\$ 14,163
2023	12,980
2024	6,182
2025	(8,544)
2026	-
Thereafter	-

(c) Actuarial Assumptions

The total pension liability 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 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, 2021
Actuarial valuation date	April 1, 2020
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, 2015 - March 31, 2020 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, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(11) 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, 2021	
	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Asset type:		
Domestic equity	32.00%	4.05%
International equity	15.00%	6.30%
Private equity	10.00%	6.75%
Real estate	9.00%	4.95%
Opportunistic/ARS portfolio	3.00%	4.50%
Credit	4.00%	3.63%
Real assets	3.00%	5.95%
Fixed income	23.00%	0.00%
Cash	1.00%	0.50%

\* The real rate of return is net of the long-term inflation assumption of 2.00%.

(d) Discount Rate

The discount rate used to calculate the total pension liability 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.

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

The following presents the Agency's proportionate share of the net pension liability 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 (asset) liability	\$ <u>67,934</u>	<u>245</u>	<u>(62,181)</u>

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(11) Pension Plan, Continued

(f) Pension Plan Fiduciary Net Position

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

	(Dollars in Millions)
Valuation date	3/31/2021
Employers' total pension liability	\$ 220,680
Plan net position	<u>(220,580)</u>
Employers' net pension liability	\$ <u>100</u>
Ratio of plan net position to the Employers' total pension liability	99.95%

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Retirement contributions as of December 31, 2021 represent the projected employer contribution for the period of April 1, 2021 through March 31, 2022 and April 1, 2020 through March 31, 2021, 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.

(12) 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.

The property was sold on November 15, 2013 for \$175,000. COIDA and OLRC each received a mortgage receivable for \$67,511 and COIDA received the cash payment of \$40,000. This loan was paid in full during 2021.

On December 23, 2015, COIDA and OLRC, was collectively issued a note payable by the Cardone Family Living Trust. OLRC received the funds. This loan was paid in full during 2021.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(12) Related Party Transactions, Continued

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, 2021, OCLDC and OLRC incurred costs of \$2,560 and \$2,073, respectively, reported as professional fees.

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, 2021.

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

(13) 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.

(14) Commitments

COIDA entered into a rental lease agreement with the Village of Albion during March 2015. The lease term is for two years with an option to renew for one year with a 10% increase. COIDA is currently paying \$2,111 per month.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(15) Contingencies

Contingencies at December 31, 2021 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.

(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 of 2007 as described in note 7. 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.

(16) 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. 87 - Leases. Effective for fiscal years beginning after June 15, 2021.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Notes to Financial Statements, Continued

(16) Accounting Standards Issued But Not Yet Implemented, Continued

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

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.



REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
 AGENCY AND AFFILIATES  
 Required Supplementary Information  
 Schedule of Proportionate Share of the Net Pension Liability  
 Year ended December 31, 2021

NYSERS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Agency's proportion of the net pension liability	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	\$ 245	75,393	20,661	10,160	32,638	55,567	11,831	15,823
Agency's covered payroll	\$ 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	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	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, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 measurement dates of the plans.
- (2) Data 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, 2021

	NYSERS Pension Plan									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 46,983	39,494	36,699	34,927	33,486	32,547	41,181	39,137	35,822	28,575
Contributions in relation to the contractually required contribution	<u>46,983</u>	<u>39,494</u>	<u>36,699</u>	<u>34,927</u>	<u>33,486</u>	<u>32,547</u>	<u>41,181</u>	<u>39,137</u>	<u>35,822</u>	<u>28,575</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Agency's covered payroll	\$262,890	246,839	233,750	222,470	211,934	205,991	191,590	178,763	166,230	155,298
Contributions as a percentage of covered payroll	17.87%	16.00%	15.70%	15.70%	15.80%	15.80%	21.49%	21.89%	21.55%	18.40%

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, 2021, and the related notes to financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated April 8, 2022.

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 2021-001).

### 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  
April 8, 2022

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT  
AGENCY AND AFFILIATES

Schedule of Findings and Questioned Costs

Finding 2021-001

Accounting Controls

Material audit adjustments were necessary to properly report the financial position and results of operations for the year ended December 31, 2021.

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.

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.