

TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

DECEMBER 31, 2023

TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Town of Erwin Industrial Development Agency
Painted Post, New York

Qualified Opinion

We have audited the accompanying financial statements of the Town of Erwin Industrial Development Agency, a component unit of the Town of Erwin, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Erwin Industrial Development Agency's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Erwin Industrial Development Agency as of December 31, 2023, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As discussed in Note 1 and Note 3 to the financial statements, the Agency has not adopted a provision for depreciation expense. In our opinion, accounting principles generally accepted in the United States of America require depreciation expense to be recorded based on the estimated useful life of each asset. The recording of depreciation expense would decrease the assets and net position and increase the expenses. The amount by which this departure would affect the assets, net position, and expenses has not been determined.

We conducted our audit in accordance with 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. 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 Town of Erwin Industrial Development Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Correction of Error

As discussed in Note 9 to the financial statements, certain errors resulted in a restatement to due to other governments amounts previously reported as of December 31, 2022. Our opinion is not modified with respect to that matter.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Town of Erwin Industrial Development Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Erwin Industrial Development Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2024, on our consideration of the Town of Erwin Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Erwin Industrial Development Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Erwin Industrial Development Agency's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Corning, New York
May 16, 2024

TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY
Statement of Net Position
December 31, 2023

ASSETS	<u>Operating</u>	<u>Airport</u>	<u>Total</u>
Assets			
Cash and cash equivalents - unrestricted	\$ -	\$ 88,482	\$ 88,482
Cash and cash equivalents - restricted	-	680,768	680,768
Accounts receivable	-	2,866	2,866
Due from other governments	-	322,222	322,222
Prepaid expenses	-	4,732	4,732
Lease receivable - current	-	4,758	4,758
Total current assets	<u>-</u>	<u>1,103,828</u>	<u>1,103,828</u>
Property and Equipment	253,397	13,292,000	13,545,397
Lease Receivable - net	<u>-</u>	<u>16,413</u>	<u>16,413</u>
Total Assets	<u>\$ 253,397</u>	<u>\$ 14,412,241</u>	<u>\$ 14,665,638</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities			
Accounts payable	\$ -	\$ 29,899	\$ 29,899
Other accrued liabilities	-	1,765	1,765
Due to other governments	-	832,074	832,074
Total liabilities	<u>-</u>	<u>863,738</u>	<u>863,738</u>
Deferred Inflows of Resources			
Deferred revenue - lease rental	-	11,201	11,201
Deferred inflows of resources - leases	-	21,171	21,171
Total deferred inflows of resources	<u>-</u>	<u>32,372</u>	<u>32,372</u>
Net Position			
Net investment in capital assets	253,397	13,292,000	13,545,397
Restricted	-	6,102	6,102
Unrestricted	<u>-</u>	<u>218,029</u>	<u>218,029</u>
Total net position	<u>253,397</u>	<u>13,516,131</u>	<u>13,769,528</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 253,397</u>	<u>\$ 14,412,241</u>	<u>\$ 14,665,638</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY
Statement of Revenue, Expense and Change in Net Position
For the Year Ended December 31, 2023

	<u>Operating</u>	<u>Airport</u>	<u>Total</u>
Operating Revenue			
Fees and rental income	\$ -	\$ 44,121	\$ 44,121
Other revenue	-	451	451
Total operating revenue	-	44,572	44,572
Operating Expense			
Administrative	-	68,261	68,261
Operating Loss	-	(23,689)	(23,689)
Non-operating Revenue			
Federal development grants	-	308,315	308,315
State development grants	-	119,785	119,785
Local contributions	-	31,114	31,114
Total non-operating revenue	-	459,214	459,214
Change in Net Position	-	435,525	435,525
Net Position - Beginning, as Previously Stated	253,397	13,049,591	13,302,988
Restatement	-	31,015	31,015
Net Position - Beginning	253,397	13,080,606	13,334,003
Net Position - Ending	\$ 253,397	\$ 13,516,131	\$ 13,769,528

The accompanying notes are an integral part of these financial statements.

TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY
Statement of Cash Flows
For the Year Ended December 31, 2023

	<u>Operating</u>	<u>Airport</u>	<u>Total</u>
Cash Flow from Operating Activities			
Cash receipts from fees and other income	\$ -	\$ 53,461	\$ 53,461
Cash paid for operating expenses	<u>-</u>	<u>(64,697)</u>	<u>(64,697)</u>
Net cash flow from operating activities	<u>-</u>	<u>(11,236)</u>	<u>(11,236)</u>
Cash Flow from Capital and Related Financing Activities			
Cash receipts from federal and state grants	-	(391,654)	(391,654)
Loans received from other governments	<u>-</u>	<u>832,074</u>	<u>832,074</u>
Net cash flow from capital and related financing activities	<u>-</u>	<u>440,420</u>	<u>440,420</u>
Cash Flow from Investing Activities			
Land and project expenditures	<u>-</u>	<u>(445,460)</u>	<u>(445,460)</u>
Net Change in Cash and Cash Equivalents	-	(16,276)	(16,276)
Cash and Cash Equivalents - Beginning	<u>-</u>	<u>785,526</u>	<u>785,526</u>
Cash and Cash Equivalents - Ending	\$ <u>-</u>	\$ <u>769,250</u>	\$ <u>769,250</u>
Cash and cash equivalents - unrestricted	\$ -	\$ 88,482	\$ 88,482
Cash and cash equivalents - restricted	<u>-</u>	<u>680,768</u>	<u>680,768</u>
Cash and Cash Equivalents - Ending	\$ <u>-</u>	\$ <u>769,250</u>	\$ <u>769,250</u>
Reconciliation of Operating Loss to Net Cash Flow from Operating Activities			
Operating loss	\$ -	\$ (23,689)	\$ (23,689)
Change in assets and liabilities:			
Change in accounts receivable	-	1,561	1,561
Change in other accrued liabilities	-	(3,870)	(3,870)
Change in deferred revenue - lease rental	-	11,201	11,201
Change in accounts payable	<u>-</u>	<u>3,561</u>	<u>3,561</u>
Net Cash Flow from Operating Activities	\$ <u>-</u>	\$ <u>(11,236)</u>	\$ <u>(11,236)</u>

The accompanying notes are an integral part of these financial statements

TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Nature of the Agency

Organization and Purpose - The Town of Erwin Industrial Development Agency ("the Agency"), a component unit of the Town of Erwin, is a public benefit corporation which was established August 26, 1970, pursuant to Chapter 1030 of the Laws of 1969 by an Act of the New York State Legislature. The purpose of the Agency is to protect and promote the economic welfare of the Town of Erwin and to actively promote, attract, encourage and develop the continuation of sound commerce and industry through farsighted municipal action and to develop, encourage and assist new industry and commerce to consider locating in the Town of Erwin.

The Agency owns the Industrial Park located in the Town of Erwin and sells land in the park to foster industrial growth. The Agency provides the infrastructure to support industrial growth by contracting with industry and the Town of Erwin to be the agent to construct municipal infrastructure (roads, water and sewer facilities) for ultimate ownership and operation.

The Agency owns the Corning-Painted Post Airport, a public use, general aviation airport, and a gravel pit. The material in the gravel pit assists the Agency to provide the infrastructure that supports industrial growth.

Basis of Accounting - The Agency complies with the provisions of 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 accounts of the Agency are maintained on the accrual basis of accounting. Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is on the determination of operating income, financial position, changes in net position and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as, materials, contracts, and personnel. This includes the capitalization of fixed assets and recording long term debt as a fund liability. Depreciation on fixed assets has not been provided in the accompanying financial statements.

Future Changes in Accounting Standards

The Governmental Accounting Standards Board 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. 99 - *Omnibus 2022*. Effective for various periods through fiscal years beginning after June 15, 2023.

Statement No. 100 - *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. Effective for fiscal years beginning after June 15, 2023.

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

Statement No. 102 - *Certain Risk Disclosures*. Effective for fiscal years beginning after June 15, 2024.

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

TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Basis of Presentation - The Agency complies with the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements provide guidance on presenting deferred outflows, deferred inflows and net position. Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. GASB requires the classification of net position into three classifications defined as follows:

Net investment in capital assets - This component of net position consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position - This component of net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. At December 31, 2023, restricted net position amounted to \$6,102.

Unrestricted net position - This component of net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the agency.

Cash and Cash Equivalents - For the purposes of the statement of net position and statement of cash flows, cash and cash equivalents include deposits with original maturities of three months or less. The Agency maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits.

Cash and Cash Equivalents - Restricted - This account is used to record cash transactions relating to the contract advances described in the deferred inflows of resources section.

Due from Other Governments - Due from other governments is stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of the outstanding balances and current relationships, management has concluded amounts due from other governments are fully collectible, therefore, no allowance for doubtful accounts has been recorded.

Lease Receivable - Lease receivable are stated at principal balances, less the estimated portion that is expected to be uncollectible. Management has established an estimate of uncollectible amounts based on risk factors applied to the loan portfolio.

The Agency complies with GASB Statement No. 87, *Leases*, which requires lease receivables to be recorded for long-term lease contracts. Lease receivables equal the present value of the payments expected to be received during the lease term, reduced by any provisions for estimated uncollectible amounts. The lease receivable is offset by a deferred inflow of resources which is equal to the amount of the lease receivable plus any lease payments related to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. See Note 5.

Property and Equipment - Property and equipment is stated at the acquisition cost or construction cost, including administrative expenses and interest attributable to each project. All costs associated with projects are capitalized and there is no formal capitalization policy. Depreciation has not been recorded.

The Agency contracts with industry and the Town of Erwin to be the agent to construct municipal infrastructure (roads, water and sewer facilities) that is dedicated to the Town of Erwin for ultimate ownership and operation. These financial statements do not include any assets, liabilities, revenues or expenses related to infrastructure activities.

TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Deferred Inflows of Resources - In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Agency reports deferred inflows of resources related to lease rental for amounts received in advance from leases of airport hangars. The Agency reports deferred inflows of resources related to the leases receivable which are further described in Note 5.

Operating Revenues and Expenses - The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from producing and delivering goods, and providing services in connection with the Agency's principal ongoing operations. The principal operating revenues of the Agency are airport fees and rental income. Operating expenses for the Agency include administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Conduit Financing - The Agency does not provide conduit financing.

Payments in Lieu of Taxes - The Agency has done traditional payment in lieu of taxes agreements (PILOT) whereby the Agency owns the land, sells it to the industry on a land contract in exchange for PILOT payments, and at the end of the PILOT period the land transfers to the industry. This included sales tax exemption for construction. The Agency has no active PILOT agreements of this type. The Agency does have a PILOT with the operator of the Corning-Painted Post Airport for buildings owned by the operator.

Note 2. Deposits with Financial Institutions and Investments

Policies - The Agency follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conform with federal, state and other legal requirements; provide sufficient liquidity of invested funds in order to meet obligations as they become due; and obtain a reasonable rate of return. Oversight of investment activity is the responsibility of the Chief Executive Officer.

The Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within and authorized to do business in New York State. Permissible investments include special time deposit accounts, certificates of deposit and obligations of the United States or of federal agencies whose principal and interest payments are fully guaranteed by the federal government, or New York State or in general obligations of the State's political subdivisions.

Collateral is required for deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are those identified in New York State General Municipal Law, Section 10 and outlined in the New York State Comptroller's Financial Management Guide.

Interest Rate Risk - Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Agency's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The Agency's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Agency's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Special time deposits;
- Obligations of the United States of America;
- Obligations where payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Certificates of deposit.

TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Custodial Credit Risk - The risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Agency's investment and deposit policy, all deposits of the Agency including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provision of the Federal Deposit Insurance Act (FDIA) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits and the agreed upon interest; or an "irrevocable letter of credit" issued by a qualified bank with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest; or by an eligible surety bond payable for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest. The Agency restricts the securities to the following eligible items:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation;
- Obligations issued or fully insured or guaranteed by the State of New York.

At December 31, 2023 all of the Agency's deposits were fully collateralized.

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31, 2023:

	<u>Operating</u>	<u>Airport</u>	<u>Total</u>
Land	\$ 253,397	\$ 2,779,668	\$ 3,033,065
Land improvements	-	8,602,324	8,602,324
Buildings	-	838,852	838,852
Equipment	-	741,586	741,586
Construction in progress	-	<u>329,570</u>	<u>329,570</u>
Total property and equipment	<u>\$ 253,397</u>	<u>\$ 13,292,000</u>	<u>\$ 13,545,397</u>

The Agency does not record depreciation expense and related accumulated depreciation on property and equipment.

Note 4. Due from Other Governments and Related Party Transactions

The Agency reports amounts as due from other governments, which consisted of funds claimed but not received from state and other governmental agencies. The Agency believes that all amounts due from other governments are fully collectible, therefore, no allowance for doubtful accounts has been recorded. Amounts due from other governments was comprised of the following at December 31, 2023:

Due from other governments - federal and state	\$ 300,708
Due form other governments - Town of Erwin	<u>21,514</u>
Total	<u>\$ 322,222</u>

The Agency reports amounts as due to other governments, which consisted of non-interest bearing advances received but not paid back to other governmental agencies. Amounts due to other governments was comprised of the following at December 31, 2023:

Town of Erwin	\$ <u>832,074</u>
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The Agency is related through common management and Board of Directors membership with the Town of Erwin and the Town of Erwin Community Development Agency, which also promotes economic development in the Town.

TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

The Town of Erwin participates in the New York State and Local Employee' Retirement System, a cost-sharing multiple-employer retirement system. The retirement contributions for personnel of the Agency covered through the system are provided by the Town of Erwin at no cost to the Organization. Therefore, no costs associated with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An amendment of GASB Statement No. 68*, were included in these financial statements. Employee benefits and all payroll taxes are also paid by the Town of Erwin.

Note 5. Lease Receivable

The following are leases held by the Agency as lessor:

<u>Borrower</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Original Lease</u>	<u>Interest Rate</u>	<u>Balance 12/31/2023</u>
Costa Flying Service, Inc.	10/1/2018	6/30/2028	\$ 32,613	3.20%	\$ 15,842
M&H Research and Development, Corp.	10/1/2007	10/31/2027	21,522	4.81%	<u>5,329</u>
		Total lease receivable			<u>\$ 21,171</u>

The following represents the repayment schedule for leases receivable:

	<u>Principal</u>
2024	\$ 4,758
2025	4,937
2026	5,123
2027	4,478
2028	<u>1,875</u>
Total	<u>\$ 21,171</u>

The Agency is a lessor in various short-term lease agreements under which airport hangars, airport storage space and the terminal office are leased to third parties. Rental income reported for these short-term leases as of December 31, 2023 was \$27,100.

Note 6. In-Kind Contributions

The Agency does not record in-kind contributions due to the fair value of services not being readily determinable at year end. Management has determined that the effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The Agency offices are housed in a building leased by the Town of Erwin. The Town does not charge rent to the Agency for the use of the facility.

The job responsibilities of certain Town of Erwin employees, primarily the bookkeeper and administrative assistant, include duties performed for and on behalf of the Agency. The Town does not charge the Agency for these services.

Note 7. Commitments

The Airport Capital Improvement Plan has future anticipated costs of approximately \$1,400,000 and has an estimated completion dates through December 2024. Current projects include the following:

- Airport Helicopter Hanger Project
- Well No. 7 Project

TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 8. Risk Management

The Agency is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; and natural disasters.

The Agency carries commercial insurance for these and other risks of loss including general liability insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 9. Restatement

The 2022 financial statements have been restated to correct an error to properly reflect amounts due to other governments. The result of this restatement has increased total net position by \$31,015.

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

To the Board of Directors
Town of Erwin Industrial Development Agency
Painted Post, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Town of Erwin Industrial Development Agency as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Erwin Industrial Development Agency's basic financial statements, and have issued our report thereon dated May 16, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Erwin Industrial Development 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 Town of Erwin Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Erwin Industrial Development Agency's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Erwin Industrial Development Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-001.

Town of Erwin Industrial Development Agency's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Erwin Industrial Development Agency's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Town of Erwin Industrial Development Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

EFPR Group, CPAs, PLLC
Corning, New York
May 16, 2024

TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Findings and Responses
For the Year Ended December 31, 2023

FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

FINDINGS - COMPLIANCE AND OTHER MATTERS

FINDING 2023-001 - Compliance Finding - Annual Reporting to the New York State Authority Budget Office

Condition: The Agency did not have procedures in place to comply with the annual reporting requirement for the New York State Authority Budget Office's Public Authorities Reporting Information System (PARIS) for the year ended December 31, 2023 which requires the annual submission 90 days following the fiscal year.

Criteria: Procedures in place to provide timely year end information for audit purposes would allow for compliance with the filing deadline.

Cause: Employee turnover in the Agency's bookkeeper position caused delays in providing the necessary information for audit purposes.

Effect: The delay in the audit process resulted in the Agency's failure to meet the PARIS submission deadline.

Recommendation: The Agency should put procedures in place to provide timely year end information for audit purposes.

Views of Responsible Officials and Planned Corrective Actions: *TEIDA planned for and attempted to complete a transition for the bookkeeper position. With a stated retirement date of end of year, TEIDA first advertised the bookkeeper position in June 2023. No viable candidates were identified from the first recruitment attempt. TEIDA re-advertised at the end of August 2023. The selected candidate failed the background check. The incumbent chose to retire September 30, 2023. The replacement bookkeeper was hired October 16, 2023. TEIDA provided the new bookkeeper with a trainer consultant. In the future, TEIDA will pursue its established practice of hiring a replacement in time to accommodate adequate transition.*