MADISON COUNTY
INDUSTRIAL DEVELOPMENT
AGENCY

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

MADISON COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

December 31, 2021

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GUSTAFSON & WARGO CPAs, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Madison County Industrial Development Agency
Seneca Turnpike
Canastota, New York

Report on the Audit of the Basic Financial Statements

Opinion

We have audited the accompanying financial statements of the Madison County Industrial Development Agency (the Agency), a component unit of the County of Madison, NY, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Madison County Industrial Development Agency as of December 31, 2021 and 2020, and the changes in its financial position and its cash flows for the years 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 Auditor's 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.

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Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audited 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 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 March 24, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Gustafson & Wargo CPAs LLP

GUSTAFSON & WARGO CPAs LLP
Canastota • New York

March 24, 2022

Madison County Industrial Development Agency
Management's Discussion and Analysis (MD&A)

For the Years Ended December 31, 2021 and 2020

As management of the Madison County Industrial Development Agency (the "Agency"), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency, including its subsidiaries, the Madison County Capital Resource Corporation and the Madison Grant Facilitation Corporation, for the years ended December, 31, 2021 and 2020. This narrative should be read in conjunction with the Agency's financial statements which follow this section.

Financial Highlights

- The assets of the Agency exceed its liabilities (net position) at December 31, 2021 and 2020 by $3,067,148 and $2,818,117 respectively. Of these amounts, $2,308,571 and $2,035,085 were unrestricted, meaning that these amounts were available for use in furthering the Agency's mission. $319,757and $319,680 were restricted to use as a revolving loan fund administered by Madison County Grant Facilitation Corporation. As of December 31, 2021 the Agency's Board of Directors designated $56,811 as unrestricted net assets for use in the continuing maintenance and upkeep of its building. Additionally, as of December 31, 2021, the MCCRC's Board of Directors has designated $83,436 for economic development in the Morrisville, NY area and $11,910 in the Cazenovia, NY area.
- The agency's total net position increased (decreased) by $49,031 and ($942,480) for the fiscal years ended December 31, 2021 and 2020 respectively.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. This report includes the independent auditors' report, management's discussion and analysis, financial statements, notes to financial statements, and other supplemental information.

Required Financial Statements – The financial statements are prepared using the accrual basis of accounting. The financial statements include:

- *Statements of Net Position* – Presents all assets, liabilities and net assets of the Agency at December 31, 2021 and 2020.
- *Statements of Activities* – Presents the financial activity for the years ended December 31, 2021 and 2020 and displays how this financial activity changed the Agency's net position.

- *Statements of Cash Flows* – Presents the cash provided and used during the 2021 and 2020 fiscal years and how it affects the cash balances at December 31, 2021 and 2020.
- *Notes to the Financial Statements* – Provide information regarding the Agency and explain in more detail the information included in the financial statements.

Financial Analysis

The Agency provides administrative assistance and has limited operations. The Agency's net position may serve over time as a useful indicator of financial position. In the case of the Agency, assets exceeded liabilities by $3,067,148 and $2,818,117 at December 31, 2021 and 2020 respectively.

The Agency's largest types of assets are cash and capital assets. Capital assets are composed primarily of buildings and improvements and land. A condensed version of the Agency's statement of net position follows:

	December 31,	
	2021	**2020**
Assets		
Current Assets	$ 2,860,942	$ 2,623,535
Capital Assets, Net	286,663	295,995
Other Noncurrent Assets	-	132,212
Total Assets	3,147,605	3,051,742
Liabilities		
Current Liabilities	9,379	9,515
Noncurrent Liabilities	71,078	224,110
Total Liabilities	80,457	233,625
Net Position		
Invested in capital assets, net of related debt	286,663	295,995
Restricted	319,757	319,680
Unrestricted	2,308,571	2,035,085
Board Designated	152,157	167,357
Total net position	$ 3,067,148	$ 2,818,117

The Agency's building is its largest noncash investment and continues to help the county with showing a more unified face for economic development. Having a centralized location that is once removed from the county government and is approachable by private businesses enhances the Agency's ability to facilitate economic development.

A useful indicator of the financial status and ability to meet the Agency's current obligations is the current ratio, which is computed as follows:

	December 31,	
	2021	**2020**
Current Assets	$ 2,680,942	$ 2,623,535
Current Liabilities	$ 9,379	$ 9,515
Ratio of current assets to current liabilities	285.85	275.74

The Agency had current ratios of 285.85 and 275.74 at December 31, 2021 and 2020 respectively. Such ratios indicate that the Agency has sufficient assets on hand to cover its liabilities that will come due in the coming year.

The Agency's revenue and expense activity produced an increase in net position of $249,031 for the fiscal year ended December 31, 2021 and a decrease of $942,480 for the fiscal year ended December 31, 2021.

A condensed statement of revenues, expense and changes in net assets follows:

	December 31,	
	2021	**2020**
Operating revenues	$ 673,493	$ 360,440
Operating expenses	436,820	1,315,529
Net operating income (loss)	236,673	(955,089)
Non-operating revenues (expenses)	12,358	12,609
Increase (decrease) in net position	$ 294,031	$ (942,480)

Significant changes in revenues and expenses from 2021 to 2020 include:

- Operating revenues increased by $313,053 due to an increase in the development project closings in 2021.
- Expenses decrease by $878,709 due to economic development projects the Agency funded in 2020.

Another important factor in the consideration of the fiscal condition is the Agency's cash position and annual cash flows. A condensed version of the Agency's statement of cash flows follows:

	December 31,	
	2021	**2020**
Cash flows from:		
Operating activities	$ 234,407	$ (901,803)
Investing activities	-	-
Net change in cash and cash equivalents	$ 234,407	$ (901,803)

Capital Assets and Debt Administration

Capital Assets – the Agency's investment in capital assets (net of accumulated depreciation) as of December 31, 2021 and 2020 amounted to $305,595, and $315,195, respectively.

	December 31,	
	2021	**2020**
Land	$ 69,290	$ 69,290
Buildings and improvements	217,373	226,317
Furniture and Fixtures	-	388
Machinery and equipment	-	-
Total	$ 286,663	$ 295,995

Debt – The Agency had no debt outstanding as of December 31, 2021 and 2020.

Economic Factors

The Agency's basic purpose is to assist business growth and expansion in Madison County. The business and economic climate in the county has been relatively steady over the past two years. Incentives initiated at the State level have had a positive effect.

Contacting the Agency

The financial report is designed to provide a general overview of the agency's finances for interested individuals. Questions regarding this report or requests for additional information should be directed to the Madison County Industrial Development Agency, 3215 Seneca Turnpike, Canastota, NY 13032.

MADISON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
December 31, 2021 and 2020

	2021				2020
	MCIDA	MCCRC	MGFC	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,019,941	$ 1,521,244	$ 319,757	$ 2,860,942	$ 2,623,535
Noncurrent assets:					
Capital assets:					
Land	69,290	-	-	69,290	69,290
Buildings and improvements	361,303	-	-	361,303	361,303
Furniture and fixtures	50,267	-	-	50,267	50,267
Machinery and equipment	13,242	-	-	13,242	13,242
Less accumulated depreciation	(207,439)	-	-	(207,439)	(198,107)
Total capital assets, net of depreciation	286,663	-	-	286,663	295,995
Deferred outflows	-	-	-	-	132,212
Total assets	1,306,604	1,521,244	319,757	3,147,605	3,051,742
LIABILITIES AND NET POSITION					
Current liabilities:					
Accounts payable and accrued expenses	9,379	-	-	9,379	9,515
Noncurrent liabilites:					
Deferred inflows	70,272	-	-	70,272	-
Net pension liability	806	-	-	806	224,110
Total liabilities	80,457	-	-	80,457	233,625
Net position:					
Invested in capital assets	286,663	-	-	286,663	295,995
Board designated	56,811	95,346	-	152,157	167,357
Restricted	-	-	319,757	319,757	319,680
Unrestricted	882,673	1,425,898	-	2,308,571	2,035,085
Total net position	1,226,147	1,521,244	319,757	3,067,148	2,818,117
Total liabilities and net position	$ 1,306,604	$ 1,521,244	$ 319,757	$ 3,147,605	$ 3,051,742

See the accompanying notes to the financial statements.

MADISON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
Years ended December 31, 2021 and 2020

	2021				2020
	MCIDA	MCCRC	MGFC	Total	
Operating revenues:					
Charges for services	$ 385,176	$ -	$ -	$ 385,176	$ 75,392
Rental and financing income	21,861	-	-	21,861	18,592
Grant revenue	176,838	-	-	176,838	176,838
MCCRC Contract	89,618	-	-	89,618	89,618
Total operating income	673,493	-	-	673,493	360,440
Operating expenses:					
Salaries	163,223	-	-	163,223	158,469
Other employee benefits	72,318	-	-	72,318	129,318
MCCRC Contract	-	89,618	-	89,618	89,618
Occupancy	14,074	-	-	14,074	14,112
Insurance	4,151	-	-	4,151	4,231
Professional fees	55,894	-	-	55,894	49,239
Dues and subscriptions	2,775	-	-	2,775	3,371
Promotion and development	2,491	15,200	-	17,691	849,828
Telephone and internet	4,805	-	-	4,805	4,733
Depreciation	9,331	-	-	9,331	9,600
Office supplies	368	-	-	368	646
Postage	417	-	-	417	378
Travel and conferences	2,155	-	-	2,155	1,986
Total operating expenses	332,002	104,818	-	436,820	1,315,529
Operating income (loss)	341,491	(104,818)	-	236,673	(955,089)
Nonoperating revenues:					
Interest income	3,309	8,972	77	12,358	12,609
Increase (decrease) in net position	344,800	(95,846)	77	249,031	(942,480)
Total net position - beginning	881,347	1,617,090	319,680	2,818,117	3,760,597
Total net position - ending	$ 1,226,147	$ 1,521,244	$ 319,757	$ 3,067,148	$ 2,818,117

See the accompanying notes to the financial statements.

MADISON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
Years ended December 31, 2021 and 2020
Increase (Decrease) in Cash

	2021				2020
	MCIDA	MCCRC	MGFC	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from providing services	$ 385,176	$ -	$ -	$ 385,176	$ 75,392
Grants received	176,838	-	-	176,838	176,838
Interest received	3,309	8,972	77	12,358	12,609
Rent received	21,861	-	-	21,861	18,592
MCCRC Contract payment received (paid)	89,618	(89,618)	-	-	-
Cash paid to employees and suppliers	(343,626)	(15,200)		(358,826)	(1,185,234)
Net cash provided by (used in) operating activities	333,176	(95,846)	77	237,407	(901,803)
Cash and cash equivalents - beginning	686,765	1,617,090	319,680	2,623,535	3,525,338
Cash and cash equivalents - ending	1,019,941	1,521,244	319,757	2,860,942	2,623,535
RECONCILIATION OF INCREASE (DECREASE) IN NET POSITION TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Increase (decrease) in net position	344,800	(95,846)	77	249,031	(942,480)
Adjustments for items not affecting cash flows:					
Depreciation	9,331	-	-	9,331	9,600
Changes in operating assets and liabilities:					
Changes in accounts payable, pension liability and deferred inflows/outflows	(20,955)	-	-	(20,955)	31,077
Net cash provided by (used in) operating activities	$ 333,176	$ (95,846)	$ 77	$ 237,407	$ (901,803)

See the accompanying notes to the financial statements.

1. Background and Accounting Policies

Madison County Industrial Development Agency is a public benefit agency created in 1970 under the laws of the State of New York to advance economic growth in Madison County. Funding for the Agency is provided by Madison County and by fees collected upon issuance of Industrial Development Bonds or other tax breaks for local businesses.

The Agency promotes economic growth in the County by providing new or existing businesses with low-cost financing through the issuance of tax-exempt or taxable obligations along with State and local tax abatement programs. Technically, the Agency retains title to the property, equipment or improvement financed and enters into a lease or mortgage agreement with the benefited enterprise. A trustee bank administers the issuance of the initial obligations and the repayments. In accordance with New York State policy, the Agency does not report the assets or obligations resulting from its economic development activities in its financial statements. The obligations are not obligations of the Agency; the primary function of the Agency is to arrange financing between companies and bond or noteholders.

In order to retain MCIDA's ability to issue tax-exempt revenue bonds to fund projects for nonprofit organizations, Madison County formed the County nonprofit Madison County Capital Resource Corporation (MCCRC) in November 2009. While MCCRC is a separate legal entity, its governing board is made up of the MCIDA's officers and directors and the two entities share common management. As such, the MCCRC is presented as a component unit of the MCIDA in the accompanying financial statements. MCCRC paid MCIDA $89,618 in 2021 and 2020 under a contract to provide administrative services.

The Agency formed the wholly-owned subsidiary, Madison Grant Facilitation Corporation (MGFC), on June 3, 2013. The corporation is able to receive grant funds whose receipt is limited to such organizations. While MGFC is a separate legal entity, its governing board is made up of the MCIDA's officers and directors and the two entities share common management. As such, the MGFC is presented as a component unit of the MCIDA in the accompanying financial statements.

The Agency uses the calendar year and records revenue and expenditures on the accrual method for financial reporting purposes. The Agency's accounting and reporting is done in accordance with generally accepted accounting principles. Capital assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives. Routine maintenance and repairs are expensed as incurred. Land is not depreciated. As a public benefit agency, the Agency is not required to pay income taxes.

The Agency is a component unit of and receives a substantial portion of its revenue pursuant to a grant contract with Madison County. This contract is renewed every year at the option of both parties. Should Madison County discontinue the arrangement, the Agency would lose a substantial portion of its revenue.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

2. Cash and Cash Equivalents

The Agency considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Collateral is required for all deposits not covered by federal deposit insurance. All deposits were adequately collateralized as of December 31, 2021 and 2020.

3. Pension Plan

The Agency participates in the New York State and Local Employees Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL).

As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller serves as sole trustee and administrative head of the System) shall adopt and may amend rules and regulations for the administration and transaction of business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, State Office Building, Albany, New York 12244.

Funding Policy

The System is noncontributory for employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System for more than 10 years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, employees contribute 3% of their salary throughout their active membership. For employees who joined after April 1, 2012, employees contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership. The Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Agency is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

2021	$28,503
2020	$24,598
2019	$28,120

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions

The Agency reported a liability of $806 and $224,110 for its proportionate share of the net pension liability as of December 31 2021 and 2020 respectively. The net pension liability was measured as of March 31, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

The Agency's proportion was .0008093% and .000884633% for 2021 and 2020 respectively.

For the years ended December 31, 2021 and 2020 respectively, the Agency recognized pension expenses of $7,683 and $65,433. At December 31, 2021 the Agency reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 9,842
Changes in assumptions	145,375
Net difference between projected and actual earnings on pension plan investments	(231,488)
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	(22,504)
Contributions subsequent to the measurement date	28,503
	$ (70,272)

Actuarial Assumptions

The April 1, 2020 actuarial valuation determines the employer rates for contributions payable in fiscal year 2021. The following actuarial methods and assumptions were used:

Actuarial cost method	Aggregate cost method
Asset valuation period	5-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return
Inflation	2.7%
Salary scale	4.4% indexed by service
Investment rate of return	5.9% compounded annually, net of investment expenses including inflation
Cost of living adjustments	1.4% annually

The long-term expected 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 return, net of investment expenses 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 the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36%	4.05 %
International Equity	15%	6.30 %
Private Equity	10%	6.75%
Real Estate	10%	4.95%
Absolute Return	2%	4.50%
Opportunistic funds	3%	4.50%
Real Assets	3%	5.95%
Bonds & Mortgages	19%	0.75%
Cash	2%	0.50%

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 the statutorily required rates, actuarially. Based on 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.

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employer as of December 31, 2021 are as follows:

	Pension Plan's Fiduciary Net Position	Agency's Share of Plan's Fiduciary Net Position	Agency's Allocation Percentage
Total Pension Liability	$ 220,680,157,000	$ 1,785,965	0.0008463%
Net Position	220,580,583,000	1,785,159	0.0008463%
Net Pension Liability	$ 99,574,000	$ 806	0.0008463%
Ratio of net position to the employers' total pension liability	99.95%	99.95%	

4. Board Designated Net Assets

The Agency's Board of Directors has designated net assets as follows:

MCIDA Building Maintenance and Upkeep	$ 56,811
MCCRC Economic Development-Morrisville, NY Area	83,436
Cazenovia, NY Area	11,910
	$ 152,157

5. Subsequent Events.

Management has reviewed subsequent events through March 24, 2022 the date which the financial statements were available to be issued, and no additional subsequent events occurred requiring accrual or disclosure.

GUSTAFSON & WARGO CPAs, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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
Madison County Industrial Development Agency
Seneca Turnpike
Canastota, 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 as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise Madison County Industrial Development Agency's (MCIDA) basic financial statements, and have issued our report thereon dated March 24, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MCIDA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MCIDA's internal control. Accordingly, we do not express an opinion on the effectiveness of MCIDA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gustafson & Wargo CPAs LLP

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March 24, 2022