

MADISON COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2022

**MADISON COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

December 31, 2022

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1 – 3
Management’s Discussion and Analysis	4 – 7
Basic Financial Statements:	
Statement of Net Position	8
Statement of Activities.....	9
Statement of Cash Flows	10
Notes to Financial Statements.....	11 – 15
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with <i>Government Auditing Standards</i>	16 – 17

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, 2022 and 2021, 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, 2022 and 2021, 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.

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 30, 2023, on our consideration of the Agency’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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
Canastota • New York

March 30, 2023

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

For the Years Ended December 31, 2022 and 2021

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, 2022 and 2021. 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, 2022 and 2021 by \$3,005,666 and \$3,067,148 respectively. Of these amounts, \$2,256,047 and \$2,308,751 were unrestricted, meaning that these amounts were available for use in furthering the Agency's mission. \$319,742 and \$319,757 were restricted to use as a revolving loan fund administered by Madison County Grant Facilitation Corporation. As of December 31, 2022 and 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, 2022 and 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 (\$61,482) and \$249,031 for the fiscal years ended December 31, 2022 and 2021 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, 2022 and 2021.
- *Statements of Activities* – Presents the financial activity for the years ended December 31, 2022 and 2021 and displays how this financial activity changed the Agency's net position.

- *Statements of Cash Flows* – Presents the cash provided and used during the 2022 and 2021 fiscal years and how it affects the cash balances at December 31, 2022 and 2021.
- *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 \$3,005,666 and \$3,067,148 at December 31, 2022 and 2021 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,	
	<u>2022</u>	<u>2021</u>
Assets		
Current Assets	\$ 1,401,643	\$ 2,860,942
Capital Assets, Net	277,720	286,663
Certificate of Deposit >1 year	<u>1,380,775</u>	<u>-</u>
Total Assets	3,060,138	3,147,605
Liabilities		
Current Liabilities	11,637	9,379
Noncurrent Liabilities	<u>42,835</u>	<u>71,078</u>
Total Liabilities	54,472	80,457
Net Position		
Invested in capital assets, net of related debt	277,720	286,663
Restricted	319,742	319,757
Unrestricted	2,256,047	2,308,571
Board Designated	<u>152,157</u>	<u>152,157</u>
Total net position	\$ 3,005,666	\$ 3,067,148

The Agency's building is its largest noncash investment and continues to help the county by 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,	
	<u>2022</u>	<u>2021</u>
Current Assets	\$ 1,401,643	\$ 2,680,942
Current Liabilities	\$ 11,637	\$ 9,379
Ratio of current assets to current liabilities	120.45	285.85

The Agency had current ratios of 120.45 and 285.85 at December 31, 2022 and 2021 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 \$61,482 for the fiscal year ended December 31, 2022.

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

	December 31,	
	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 317,493	\$ 673,493
Operating expenses	<u>393,614</u>	<u>436,820</u>
Net operating income (loss)	(75,671)	236,673
Non-operating revenues (expenses)	<u>14,189</u>	<u>12,358</u>
Increase (decrease) in net position	\$ (61,482)	\$ 249,031

Significant changes in revenues and expenses from 2022 to 2021 include:

- Operating revenues decreased by \$355,550 due to a decrease in the development project closings in 2022.
- Expenses decreased by \$43,206 due largely to a decrease in professional fees in 2022.

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,	
	<u>2022</u>	<u>2021</u>
Cash flows from:		
Operating activities	\$ (78,524)	\$ 237,407
Investing activities	<u>(1,380,775)</u>	<u>-</u>
Net change in cash and cash equivalents	\$ (1,459,299)	\$ 237,407

Capital Assets and Debt Administration

Capital Assets – the Agency’s investment in capital assets (net of accumulated depreciation) as of December 31, 2022 and 2021 amounted to \$305,595, and \$315,195, respectively.

	December 31,	
	<u>2022</u>	<u>2021</u>
Land	\$69,290	\$ 69,290
Buildings and improvements	208,430	217,373
Furniture and Fixtures	-	-
Machinery and equipment	<u>-</u>	<u>-</u>
Total	\$277,720	\$286,663

Debt

The Agency had no debt outstanding as of December 31, 2022 and 2021.

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, 2022 and 2021

	2022			Total	2021
	MCIDA	MCCRC	MGFC		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 757,181	\$ 324,720	\$ 319,742	\$ 1,401,643	\$ 2,860,942
Noncurrent assets:					
Certificates of Deposit	263,672	1,117,103	-	1,380,775	-
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	(216,382)	-	-	(216,382)	(207,439)
Total capital assets, net of depreciation	277,720	-	-	277,720	286,663
Deferred outflows	-	-	-	-	-
Total assets	1,298,573	1,441,823	319,742	3,060,138	3,147,605
LIABILITIES AND NET POSITION					
Current liabilities:					
Accounts payable and accrued expenses	11,637	-	-	11,637	9,379
Noncurrent liabilities:					
Deferred inflows	110,544	-	-	110,544	70,272
Net pension liability (asset)	(67,709)	-	-	(67,709)	806
Total liabilities	54,472	-	-	54,472	80,457
Net position:					
Invested in capital assets	277,720	-	-	277,720	286,663
Board designated	56,811	95,346	-	152,157	152,157
Restricted	-	-	319,742	319,742	319,757
Unrestricted	909,570	1,346,477	-	2,256,047	2,308,571
Total net position	1,244,101	1,441,823	319,742	3,005,666	3,067,148
Total liabilities and net position	\$ 1,298,573	\$ 1,441,823	\$ 319,742	\$ 3,060,138	\$ 3,147,605

See the accompanying notes to the financial statements.

MADISON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
Years ended December 31, 2022 and 2021

	2022			2021	
	MCIDA	MCCRC	MGFC	Total	
Operating revenues:					
Charges for services	\$ 30,206	\$ 250	\$ -	\$ 30,456	\$ 385,176
Rental and financing income	21,031	-	-	21,031	21,861
Grant revenue	176,838	-	-	176,838	176,838
MCCRC Contract	89,618	-	-	89,618	89,618
Total operating income	317,693	250	-	317,943	673,493
Operating expenses:					
Salaries	168,120	-	-	168,120	163,223
Other employee benefits	64,203	-	-	64,203	72,318
MCCRC Contract	-	89,618	-	89,618	89,618
Occupancy	19,698	-	-	19,698	14,074
Insurance	4,096	-	-	4,096	4,151
Professional fees	23,330	-	-	23,330	55,894
Dues and subscriptions	3,421	-	-	3,421	2,775
Promotion and development	2,102	-	-	2,102	17,691
Telephone and internet	4,755	-	-	4,755	4,805
Depreciation	8,943	-	-	8,943	9,331
Office supplies	829	-	15	844	368
Postage	229	-	-	229	417
Travel and conferences	4,255	-	-	4,255	2,155
Total operating expenses	303,981	89,618	15	393,614	436,820
Operating income (loss)	13,712	(89,368)	(15)	(75,671)	236,673
Nonoperating revenues:					
Interest income	4,242	9,947	-	14,189	12,358
Increase (decrease) in net position	17,954	(79,421)	(15)	(61,482)	249,031
Total net position - beginning	1,226,147	1,521,244	319,757	3,067,148	2,818,117
Total net position - ending	\$ 1,244,101	\$ 1,441,823	\$ 319,742	\$ 3,005,666	\$ 3,067,148

See the accompanying notes to the financial statements.

MADISON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
Years ended December 31, 2022 and 2021
Increase (Decrease) in Cash

	2022				2021
	MCIDA	MCCRC	MGFC	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from providing services	\$ 30,206	\$ 250	\$ -	\$ 30,456	\$ 385,176
Grants received	176,838	-	-	176,838	176,838
Interest received	4,242	9,947	-	14,189	12,358
Rent received	21,031	-	-	21,031	21,861
MCCRC Contract payment received (paid)	89,618	(89,618)	-	-	-
Cash paid to employees and suppliers	<u>(321,023)</u>	<u>-</u>	<u>(15)</u>	<u>(321,038)</u>	<u>(358,826)</u>
Net cash provided by (used in) operating activities	912	(79,421)	(15)	(78,524)	237,407
CASH FLOWS FROM INVESTING ACTIVITIES					
Long-term certificates of deposit	<u>(263,672)</u>	<u>(1,117,103)</u>	<u>-</u>	<u>(1,380,775)</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	(262,760)	(1,196,524)	(15)	(1,459,299)	237,407
Cash and cash equivalents - beginning	<u>1,019,941</u>	<u>1,521,244</u>	<u>319,757</u>	<u>2,860,942</u>	<u>2,623,535</u>
Cash and cash equivalents - ending	<u><u>757,181</u></u>	<u><u>324,720</u></u>	<u><u>319,742</u></u>	<u><u>1,401,643</u></u>	<u><u>2,860,942</u></u>
RECONCILIATION OF INCREASE (DECREASE) IN NET POSITION TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Increase (decrease) in net position	17,954	(79,421)	(15)	(61,482)	249,031
Adjustments for items not affecting cash flows:					
Depreciation	8,943	-	-	8,943	9,331
Changes in operating assets and liabilities:					
Changes in accounts payable, pension liability and deferred inflows/outflows	<u>(25,985)</u>	<u>-</u>	<u>-</u>	<u>(25,985)</u>	<u>(20,955)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 912</u></u>	<u><u>\$ (79,421)</u></u>	<u><u>\$ (15)</u></u>	<u><u>\$ (78,524)</u></u>	<u><u>\$ 237,407</u></u>

See the accompanying notes to the financial statements.

MADISON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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 2022 and 2021 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, 2022 and 2021.

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 that 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 the two preceding years were:

2022	\$21,063
2021	\$28,503
2020	\$24,598

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

The Agency reported an asset of \$67,709 and a liability of \$806 for its proportionate share of the net pension liability as of December 31 2022 and 2021 respectively. The net pension liability was measured as of March 31, 2022 and 2021, 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 .0008283% and .0008093% for 2022 and 2021 respectively.

For the years ended December 31, 2022 and 2021 respectively, the Agency recognized pension expense (benefit)of \$(7,180) and \$7,683. At December 31, 2022 the Agency reported deferred outflows of resources related to pensions from the following sources:

<u>Deferred Outflows (Inflows) of Resources</u>	
Differences between expected and actual experience	\$ (1,523)
Changes in assumptions	111,091
Net difference between projected and actual earnings on pension plan investments	(221,717)
Changes in proportion and differences between the Agency’s contributions and proportionate share of contributions	(19,458)
Contributions subsequent to the measurement date	<u>21,063</u>
	<u>\$ (110,544)</u>

Actuarial Assumptions

The April 1, 2021 actuarial valuation determines the employer rates for contributions payable in fiscal year 2022. 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	32%	3.30 %
International Equity	15%	5.85 %
Private Equity	10%	6.50%
Real Estate	9%	5.00%
Absolute Return	3%	4.10%
Credit	4%	3.78%
Real Assets	3%	5.58%
Fixed Income	23%	0.00%
Cash	1%	(1.00)%

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, 2022 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	\$ 223,874,888,000	\$ 1,854,356	0.0008283%
Net Position	<u>232,049,473,000</u>	<u>1,922,067</u>	0.0008283%
Net Pension Liability (Asset)	<u>\$ (8,174,585,000)</u>	<u>\$ (67,709)</u>	0.0008283%

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	<u>11,910</u>
	<u>\$ 152,157</u>

5. Subsequent Events.

Management has reviewed subsequent events through March 30, 2023 the date on which the financial statements were available to be issued, and no additional subsequent events occurred requiring accrual or disclosure.

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, 2022 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 30, 2023.

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.

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.



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March 30, 2023