

**MADISON COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the
County of Madison, New York)**

**Financial Statements as of
December 31, 2025
Together with
Independent Auditor's Report**

MADISON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Madison, New York)

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INDEPENDENT AUDITOR'S REPORT

March 26, 2026

To the Board of Directors of
Madison County Industrial Development Agency:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Madison County Industrial Development Agency (the Agency), a discretely presented component unit of the County of Madison, New York (the County), as of and for the year ended December 31, 2025, 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 the Agency as of December 31, 2025, and the respective change in its 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 Opinion

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 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 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.

432 North Franklin Street, #60
Syracuse, NY 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Responsibilities of Management for the Financial Statements (Continued)

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 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 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.

Report on Summarized Comparative Totals

We have previously audited the Agency's 2024 financial statements, and we have expressed an unmodified audit opinion on those audited financial statements dated March 27, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension schedules (the schedule of proportionate share of net pension liability (asset) and schedule of contributions - pension plan) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2026, 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.

MADISON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Madison, New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2025

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 blended component units, the Madison County Capital Resource Corporation (MCCRC) and the Madison Grant Facilitation Corporation (MGFC), for the years ended December 31, 2025, 2024 and 2023. This narrative should be read in conjunction with the Agency's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Agency exceed its liabilities and deferred inflows of resources (net position) at December 31, 2025, 2024 and 2023 by \$3,372,228, \$3,008,620 and \$2,998,396, respectively. Of these amounts, \$2,752,881, \$2,378,370 and \$2,391,144 were unrestricted, meaning that these amounts were available for use in furthering the Agency's mission. \$337,663, \$334,818 and \$320,426 were restricted to use as a revolving loan fund administered by Madison County Grant Facilitation Corporation.
- The Agency's total net position increased by \$363,608 and \$10,224 for the fiscal years ended December 31, 2025 and 2024, and decreased by \$7,270 for the fiscal year ended December 31, 2023, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements.

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 position of the Agency at December 31, 2025 and 2024.
- *Statements of Activities* — Presents the financial activity for the years ended December 31, 2025 and 2024 and displays how this financial activity changed the Agency's net position.
- *Statements of Cash Flows* — Presents the cash provided and used during the 2025 and 2024 fiscal years and how it affects the cash balances at December 31, 2025 and 2024.
- *Notes to Basic 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 \$3,372,228, \$3,008,620 and \$2,998,396 at December 31, 2025, 2024 and 2023, respectively.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
ASSETS			
Current assets	\$ 640,640	\$ 500,925	\$ 532,179
Noncurrent assets	<u>2,812,100</u>	<u>2,634,980</u>	<u>2,547,257</u>
Total assets	<u>3,452,740</u>	<u>3,135,905</u>	<u>3,079,436</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>74,632</u>	<u>82,160</u>	<u>131,251</u>
LIABILITIES			
Current liabilities	6,935	12,500	10,859
Long-term obligations	<u>131,178</u>	<u>119,741</u>	<u>177,157</u>
Total liabilities	<u>138,113</u>	<u>132,241</u>	<u>188,016</u>
DEFERRED INFLOWS OF RESOURCES	<u>17,031</u>	<u>77,204</u>	<u>24,275</u>
NET POSITION			
Net investment in capital assets	281,684	295,432	286,826
Restricted	337,663	334,818	320,426
Unrestricted	<u>2,752,881</u>	<u>2,378,370</u>	<u>2,391,144</u>
Total net position	<u>\$ 3,372,228</u>	<u>\$ 3,008,620</u>	<u>\$ 2,998,396</u>

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.

Financial Analysis (Continued)

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:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total current assets	\$ 640,640	\$ 500,925	\$ 532,179
Total current liabilities	6,935	12,500	10,859
Current ratio	92.4	40.1	49.0

The Agency had current ratios of 92.4, 40.1 and 49.0 at December 31, 2025, 2024 and 2023, 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 \$363,608 and \$10,224 for the fiscal years ended December 31, 2025 and 2024, and a decrease in net position of \$7,270 for the fiscal year ended December 31, 2023, respectively.

A condensed statement of operating revenues, operating expenses and operating income is as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 1,184,450	\$ 326,864	\$ 330,305
Operating expenses	<u>896,853</u>	<u>408,488</u>	<u>391,582</u>
Operating income (loss)	<u>287,597</u>	<u>(81,624)</u>	<u>(61,277)</u>
Nonoperating revenues (expenses)	<u>76,011</u>	<u>91,848</u>	<u>54,007</u>
Increase (decrease) in net position	<u>\$ 363,608</u>	<u>\$ 10,224</u>	<u>\$ (7,270)</u>

Significant changes in revenues and expenses from 2025 to 2024 include:

- Operating revenues increased primarily due to an increase in charges for services.
- Expenses increased primarily due to an increase in payments related to projects.

Significant changes in revenues and expenses from 2024 to 2023 include:

- Operating revenues slightly decreased mainly due to a decrease in charges for services.
- Expenses increased mainly due to an increase in payments for professional services.

Financial Analysis (Continued)

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:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cash flows from (used by):			
Operating activities	\$ 54,572	\$ (22,352)	\$ (25,326)
Investing activities	<u>85,143</u>	<u>(7,426)</u>	<u>(844,138)</u>
Net increase (decrease) in cash	<u>\$ 139,715</u>	<u>\$ (29,778)</u>	<u>\$ (869,464)</u>

Capital Assets and Debt Administration

Capital Assets

The Agency's net investment in capital assets (net of accumulated depreciation) as of December 31, 2025, 2024 and 2023 amounted to \$281,684, \$295,432 and \$286,826, respectively.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Capital assets, nondepreciable			
Land	<u>\$ 69,290</u>	<u>\$ 69,290</u>	<u>\$ 69,290</u>
Capital assets, depreciable			
Buildings and improvements	379,792	379,792	379,792
Furniture and equipment	<u>85,142</u>	<u>85,142</u>	<u>63,509</u>
Less: Accumulated depreciation	<u>(252,540)</u>	<u>(238,792)</u>	<u>(225,765)</u>
Capital assets, depreciable, net of accumulated depreciation	<u>212,394</u>	<u>226,142</u>	<u>217,536</u>
Net investment in capital assets	<u>\$ 281,684</u>	<u>\$ 295,432</u>	<u>\$ 286,826</u>

Debt

The Agency had no debt outstanding as of December 31, 2025, 2024 and 2023.

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
(A Discretely Presented Component Unit of the County of Madison, New York)

Statement of Net Position
December 31, 2025
(With Comparative Totals for 2024)

	2025			2024	
	Blended Component Units				
	MCIDA	MCCRC	MGFC	Total	
ASSETS					
Current assets:					
Cash	\$ 380,170	\$ 124,791	\$ 135,679	\$ 640,640	\$ 500,925
Noncurrent assets:					
Notes receivable	-	-	200,000	200,000	-
Accrued interest receivable	-	-	1,984	1,984	-
Certificates of deposit	743,659	1,584,773	-	2,328,432	2,339,548
Capital assets, nondepreciable	69,290	-	-	69,290	69,290
Capital assets, net of accumulated depreciation	212,394	-	-	212,394	226,142
Total assets	<u>1,405,513</u>	<u>1,709,564</u>	<u>337,663</u>	<u>3,452,740</u>	<u>3,135,905</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - pension	<u>74,632</u>	<u>-</u>	<u>-</u>	<u>74,632</u>	<u>82,160</u>
LIABILITIES					
Accounts payable and accrued expenses	6,935	-	-	6,935	12,500
Long-term obligations:					
Compensated absences liability	-	-	-	-	3,434
Net pension liability	<u>131,178</u>	<u>-</u>	<u>-</u>	<u>131,178</u>	<u>116,307</u>
Total liabilities	<u>138,113</u>	<u>-</u>	<u>-</u>	<u>138,113</u>	<u>132,241</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - pension	<u>17,031</u>	<u>-</u>	<u>-</u>	<u>17,031</u>	<u>77,204</u>
NET POSITION					
Net investment in capital assets	281,684	-	-	281,684	295,432
Restricted	-	-	337,663	337,663	334,818
Unrestricted	<u>1,043,317</u>	<u>1,709,564</u>	<u>-</u>	<u>2,752,881</u>	<u>2,378,370</u>
Total net position	<u>\$ 1,325,001</u>	<u>\$ 1,709,564</u>	<u>\$ 337,663</u>	<u>\$ 3,372,228</u>	<u>\$ 3,008,620</u>

The accompanying notes are an integral part of these statements.

MADISON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Madison, New York)

Statement of Activities
For the Year Ended December 31, 2025
(With Comparative Totals for 2024)

	2025					2024
	Blended Component Units					
	MCIDA	MCCRC	MGFC	Eliminations	Total	
Operating revenues:						
Charges for services	\$ 500	\$ 768,400	\$ -	\$ -	\$ 768,900	\$ 117,598
Grants and government contributions revenue	191,250	-	-	-	191,250	185,680
MCCRC contract revenue	105,693	-	-	(105,693)	-	-
MGFC promissory notes	-	-	200,000	-	200,000	-
Rental income	24,300	-	-	-	24,300	23,586
Total operating revenues	321,743	768,400	200,000	(105,693)	1,184,450	326,864
Operating expenses:						
Salaries	197,040	-	-	-	197,040	186,303
Employee benefits	106,808	-	-	-	106,808	127,902
MCCRC contract expense	-	105,693	-	(105,693)	-	-
MGFC promissory note distributions	-	-	200,000	-	200,000	-
Occupancy	15,760	-	-	-	15,760	21,806
Insurance	4,940	-	-	-	4,940	5,302
Professional fees	34,174	-	-	-	34,174	36,759
Dues and subscriptions	4,518	-	-	-	4,518	4,031
Project expenses	-	306,021	-	-	306,021	-
Promotion and development	5,900	-	-	-	5,900	4,527
Telephone and internet	4,644	-	-	-	4,644	4,848
Depreciation	13,748	-	-	-	13,748	13,027
Office supplies	689	-	15	-	704	687
Postage	446	-	-	-	446	577
Travel and conferences	2,150	-	-	-	2,150	2,719
Total operating expenses	390,817	411,714	200,015	(105,693)	896,853	408,488
Operating income (loss)	(69,074)	356,686	(15)	-	287,597	(81,624)
Other income (expense):						
Interest income	29,294	43,857	2,860	-	76,011	91,848
Change in net position	(39,780)	400,543	2,845	-	363,608	10,224
Net position - beginning of year	1,364,781	1,309,021	334,818	-	3,008,620	2,998,396
Net position - end of year	\$ 1,325,001	\$ 1,709,564	\$ 337,663	\$ -	\$ 3,372,228	\$ 3,008,620

The accompanying notes are an integral part of these statements.

MADISON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Madison, New York)

Statement of Cash Flows
For the Year Ended December 31, 2025
(With Comparative Totals for 2024)

	2025				2024
	Blended Component Units				
	MCIDA	MCCRC	MGFC	Total	
Cash flows from (used in) operating activities:					
Cash received for providing services	\$ 500	\$ 768,400	\$ -	\$ 768,900	\$ 117,598
Cash received from grants and government contributions received	191,250	-	-	191,250	185,680
Cash received for rent	24,300	-	-	24,300	23,586
Cash received (paid) for MCCRC contract	105,693	(105,693)	-	-	-
Cash paid for MGFC promissory notes issued	-	-	(200,000)	(200,000)	-
Cash paid for professional fees	(45,674)	-	-	(45,674)	(24,259)
Cash paid for project expenses	-	(306,021)	-	(306,021)	-
Cash paid for general and administrative expenses	(36,700)	-	(15)	(36,715)	(55,356)
Cash paid for salaries and related expenses	(341,468)	-	-	(341,468)	(269,601)
Net cash from (used in) operating activities	<u>(102,099)</u>	<u>356,686</u>	<u>(200,015)</u>	<u>54,572</u>	<u>(22,352)</u>
Cash flows from (used in) investing activities:					
Cash paid for capital asset acquisitions	-	-	-	-	(21,633)
Cash received for interest	29,294	43,857	876	74,027	91,848
Cash redeemed from (invested in) certificates of deposit	(29,214)	(293,745)	334,075	11,116	(77,641)
Net cash from (used in) investing activities	<u>80</u>	<u>(249,888)</u>	<u>334,951</u>	<u>85,143</u>	<u>(7,426)</u>
Increase (decrease) in cash and cash equivalents	(102,019)	106,798	134,936	139,715	(29,778)
CASH AND CASH EQUIVALENTS - beginning	<u>482,189</u>	<u>17,993</u>	<u>743</u>	<u>500,925</u>	<u>530,703</u>
CASH AND CASH EQUIVALENTS - ending	<u>\$ 380,170</u>	<u>\$ 124,791</u>	<u>\$ 135,679</u>	<u>\$ 640,640</u>	<u>\$ 500,925</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES:					
IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (69,074)	\$ 356,686	\$ (15)	\$ 287,597	\$ (81,624)
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:					
Depreciation	13,748	-	-	13,748	13,027
Changes in:					
Notes receivable	-	-	(200,000)	(200,000)	-
Accounts payable and accrued expenses	(5,565)	-	-	(5,565)	1,641
Compensated absences liability	(3,434)	-	-	(3,434)	3,434
Net pension liability	14,871	-	-	14,871	(60,850)
Deferred outflows of resources - pension	7,528	-	-	7,528	49,091
Deferred inflows of resources - pension	(60,173)	-	-	(60,173)	52,929
Net cash from (used in) operating activities	<u>\$ (102,099)</u>	<u>\$ 356,686</u>	<u>\$ (200,015)</u>	<u>\$ 54,572</u>	<u>\$ (22,352)</u>

The accompanying notes are an integral part of these statements.

MADISON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Madison, New York)

Notes to Basic Financial Statements
December 31, 2025

1. THE AGENCY

Madison County Industrial Development Agency (the 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 primarily provided by Madison County and by fees collected upon issuance of industrial development bonds or other tax breaks for local businesses. The Agency's Board of Directors is appointed by the Madison County New York Board of Supervisors and the County has the ability to impose its will and significantly influence the Agency. As such, the Agency is considered a discretely presented component unit of the County.

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 blended component unit of the MCIDA in the accompanying financial statements.

The Agency formed the wholly-owned subsidiary, Madison Grant Facilitation Corporation (MGFC), on June 3, 2013. The corporation is able to facilitate the receipt and administration of gifts, grants, loans or contributions that will be used to foster community and economic development for County residents. 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 blended component unit of the MCIDA in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Agency operates as a proprietary fund. Proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) and deferred inflows and outflows associated with their activities are reported. Fund equity is classified as net position. The Agency utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 these estimates, and such differences may be significant.

Income Tax Status

The Agency was organized as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code.

Cash

Cash consists primarily of demand deposits.

Investments

Investments include certificates of deposits invested at individual banks earning interest for a specified length of time.

Notes Receivable

At December 31, 2025, notes receivable consists of two promissory notes issued by MGFC that will be used to foster community and economic development for County residents, totaling \$200,000. Under both agreements, principal and interest are due the sooner of 30 months from the agreement date or 10 days after the borrower receives corresponding grant funding. There were no notes receivable at December 31, 2024. Management does not believe an allowance for doubtful accounts is necessary at December 31, 2025 and 2024.

Capital Assets

The Agency defines capital assets as assets with estimated useful life in excess of 2 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation beginning in the first year after completion or acquisition of the asset. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Estimated useful lives are as follows:

Buildings and Improvements	7-40 years
Furniture and Equipment	3-10 years

Operating Revenues and Non-Operating Revenues

The Statement of Revenues, Expenses, and Change in Net Position distinguish between operating and non-operating revenues. Operating revenues, such as charges for services, grant and government contributions revenue, MCCRC contract revenue and rental income result from exchange transactions associated with the principal activities of the Agency. Exchange transactions are those in which each party to the transaction receives or gives up essentially equal values. Non-operating revenues arise from exchange transactions not associated with the Agency's principal activities and from all non-exchange transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MCCRC Contract Revenue and Expense

The Agency has an annual agreement with MCCRC to provide the entity with administrative services. For the years ended December 31, 2025 and 2024, MCCRC paid the Agency \$105,693 and \$101,142, respectively. The current year amount is shown in the eliminations column of the Statement of Activities.

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that does not meet the definition of net investment in capital assets or restricted net position. At December 31, 2025 and 2024, unrestricted net position included \$56,811 in building maintenance funds, as well as \$83,436 for construction of new dorms at State University of New York (SUNY) Morrisville as designated by the Board of Directors.

It is the Agency's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

3. CASH AND INVESTMENTS

The Agency follows an investment policy which the overall objective of which is to implement Section 858-a(3) of Title One of Article 18-a of the General Municipal Law. Agency funds not required for immediate expenditures can be invested in special time deposits or certificates of deposit. The Treasurer and any other officer or employee of the Agency is authorized by the by-laws of the Agency or by resolution of the members of the Agency to temporarily invest Agency funds.

Deposits

Deposits include demand deposits, money market accounts and certificate of deposits. All deposits with financial institutions must be collateralized in an amount equal to 102% of deposits not insured by the Federal Deposit Insurance Corporation. Securities that may be pledged as collateral are limited to the obligations of the United States or any obligation fully insured as to the principal and interest by the United States acting through an agency, and obligations of New York State or obligations of any municipal corporation, school district, or district corporation of the State of New York and must be held either by the financial institution's trust department or by a third party custodial bank.

At December 31, 2025, the Agency had total deposits of \$2,984,792 of which \$1,016,495 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$1,975,844 was collateralized with securities held by the pledging financial institution in the respective entity's name.

3. CASH AND INVESTMENTS (Continued)

Deposits (Continued)

Total deposits of \$2,870,026 were held by the Agency at December 31, 2024, of which \$1,016,495 was insured by the FDIC and \$1,768,728 was collateralized with securities held by the pledging financial institution in the respective entity's name, leaving \$84,803 uncollateralized.

Investment Valuation

At December 31, 2025 and 2024 the Agency held certificates of deposit of \$2,328,432 and \$2,339,548, respectively, which are non-participating interest earning contracts valued at amortized cost.

4. CONCENTRATIONS

The Agency receives its primary source of funding from the County of Madison, New York (the County) based on an annual agreement included in the County's budget. For the years ended December 31, 2025 and 2024, the County paid the Agency \$191,250 and \$185,680, respectively, which comprised 19% and 57% of operating revenue for the years ended December 31, 2025 and 2024, respectively.

5. CAPITAL ASSETS

The Agency's capital assets activity for the year ended December 31, 2025 was as follows:

	Balance at January 1	Additions	Deductions	Balance at December 31
Capital assets, not being depreciated:				
Land	\$ 69,290	\$ -	\$ -	\$ 69,290
Capital Assets, being depreciated:				
Buildings and improvements	379,792	-	-	379,792
Furniture and equipment	85,142	-	-	85,142
Total Capital Assets, being depreciated	464,934	-	-	464,934
Less Accumulated Depreciation for:				
Buildings and improvements	(173,841)	(11,585)	-	(185,426)
Furniture and equipment	(64,951)	(2,163)	-	(67,114)
Total Accumulated Depreciation	(238,792)	(13,748)	-	(252,540)
Total Capital Assets, being depreciated, net	226,142	(13,748)	-	212,394
Capital Assets, net	\$ 295,432	\$ (13,748)	\$ -	\$ 281,684

5. CAPITAL ASSETS (Continued)

The Agency's capital assets activity for the year ended December 31, 2024 was as follows:

	Balance at January 1	Additions	Deductions	Balance at December 31
Capital assets, not being depreciated:				
Land	\$ 69,290	\$ -	\$ -	\$ 69,290
Capital Assets, being depreciated:				
Buildings and improvements	379,792	-	-	379,792
Furniture and equipment	63,509	21,633	-	85,142
Total Capital Assets, being depreciated	443,301	21,633	-	464,934
Less Accumulated Depreciation for:				
Buildings and improvements	(162,256)	(11,585)	-	(173,841)
Furniture and equipment	(63,509)	(1,442)	-	(64,951)
Total Accumulated Depreciation	(225,765)	(13,027)	-	(238,792)
Total Capital Assets, being depreciated, net	217,536	8,606	-	226,142
Capital Assets, net	\$ 286,826	\$ 8,606	\$ -	\$ 295,432

6. PENSION PLAN

Description of Plan

The Agency participates in the New York State and Local Employee's Retirement System (ERS). The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to ERS.

ERS benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

This is a cost-sharing, multiple-employer, defined benefit pension plan. The Public Employees' Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance. GLIP amounts are appropriated to and included in the ERS. ERS is included in the State's financial report as a pension trust fund. That report, including information regarding benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The significant dates shown below are referenced throughout the ERS section of this footnote:

- Fiscal years ended – December 31, 2025 and 2024
- Measurement dates – March 31, 2025 and 2024
- Actuarial valuation dates – April 1, 2024 and 2023

Membership Tiers

Membership, benefits, and employer and employee obligations to contribute are described in the RSSL using the tier concept. Pension legislation established tier membership by the date a member last joined ERS. They are as follows:

- | | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tier 1 | Those persons who last became members of ERS before July 1, 1973. |
| Tier 2 | Those persons who last became members on or after July 1, 1973, but before July 27, 1976. |
| Tier 3 | Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983. |
| Tier 4 | Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010. |
| Tier 5 | Those persons who last became members of ERS on or after January 1, 2010, but before April 1, 2012. |
| Tier 6 | Those persons who first became members of ERS on or after April 1, 2012. |

6. PENSION PLAN (Continued)

Vesting

All Members are vested when they reach five years of service credit.

Employer Contributions

Participating employers are required under the RSSL to contribute to ERS at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2025 was approximately 15.2 percent of covered payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2025, the applicable interest rate was 5.9 percent. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>
2025	\$32,141
2024	\$25,198
2023	\$21,063

Member Contributions

Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to ERS. As a result, of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with ERS, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

For Fiscal Year Ended December 31, 2025

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

At year end, a net pension liability of \$131,178 for its proportionate share of the ERS total pension liability was reported. The net pension liability is determined as of the measurement date, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation date. The proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At the March 31, 2025 measurement date, the proportion was 0.0007651%, which was a decrease of 0.0000248% from the proportionate share of 0.0007899% as of the prior year measurement date.

6. **PENSION PLAN** (Continued)

For Fiscal Year Ended December 31, 2025 (Continued)

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

As of the fiscal year end, pension expense of \$20,283 was recognized and the deferred outflows/inflows of resources related to pensions from the following sources were reported:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 32,559	\$ 1,536
Changes of assumptions	5,501	-
Net difference between projected and actual earnings on pension plan investments	10,291	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	362	15,495
Contributions subsequent to the measurement date	<u>25,919</u>	<u>-</u>
Total	<u>\$ 74,632</u>	<u>\$ 17,031</u>

The net amount of the share of balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year End:	
2026	\$ 16,675
2027	29,258
2028	(14,120)
2029	(129)
2030	-
Thereafter	<u>-</u>
	<u>\$ 31,682</u>

At fiscal year end, \$25,919 was recognized as a deferred outflow of resources related to pensions resulting from the contributions made subsequent to the measurement date. This outflow will be recognized as a reduction of the net pension liability in the following fiscal year.

Actuarial Assumptions

The total pension liability at the measurement date was determined by using an actuarial valuation as of the actuarial valuation date. Update procedures were used by the actuary to roll forward the total pension liability to be as of the measurement date.

Economic assumptions used in the actuarial valuation date include:

Actuarial cost method	Aggregate Cost Method
Inflation	2.9%
Salary increases	4.3%
Investment rate of return (net of investment expense, including inflation)	5.9%
Active member decrements	1.5%

6. PENSION PLAN (Continued)

For Fiscal Year Ended December 31, 2025 (Continued)

Actuarial Assumptions (Continued)

To set the long-term expected rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) 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.

Demographic assumptions used in the actuarial valuation date are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

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 Allocations in %</u>	<u>Long-term expected rate of return in %</u>
Domestic equity	25.0	3.54
International equity	14.0	6.57
Private equity	15.0	7.25
Real estate	12.0	4.95
Opportunistic/ARS portfolio	3.0	5.25
Credit	4.0	5.40
Real assets	4.0	5.55
Fixed Income	22.0	2.00
Cash	<u>1.0</u>	0.25
	<u>100.0</u>	

Discount Rate

The discount rate used to measure the total pension asset was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan'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.

6. **PENSION PLAN** (Continued)

For Fiscal Year Ended December 31, 2025 (Continued)

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

The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease <u>(4.9%)</u>	Current Discount <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Proportionate share of Net Pension Liability (Asset)	<u>\$ 379,645</u>	<u>\$ 131,178</u>	<u>\$ (76,293)</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (in 000's) of the employers as of the measurement date were as follows:

	<u>ERS</u>
Employers' total pension liability	\$247,600,239
Fiduciary net position	<u>(230,454,512)</u>
Employers' net pension liability	<u>\$ 17,145,727</u>
Fiduciary net position as a percentage of total pension liability	93.08%

For Fiscal Year Ended December 31, 2024

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

At year end, a net pension liability of \$116,307 for its proportionate share of the ERS total pension liability was reported. The net pension liability is determined as of the measurement date, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation date. The proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At the March 31, 2024 measurement date, the proportion was 0.0007899%, which was an increase of 0.0000367% from the proportionate share of 0.0008266% as of the prior year measurement date.

6. **PENSION PLAN** (Continued)

For Fiscal Year Ended December 31, 2024 (Continued)

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

As of the fiscal year end, pension expense of \$41,044 was recognized and the deferred outflows/inflows of resources related to pensions from the following sources were reported:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 37,463	\$ 3,171
Changes of assumptions	43,973	-
Net difference between projected and actual earnings on pension plan investments	-	56,816
Changes in proportion and differences between the District's contributions and proportionate share of contributions	724	17,217
Contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 82,160</u>	<u>\$ 77,204</u>

The net amount of the share of balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year End:	
2025	\$ (28,599)
2026	17,497
2027	30,442
2028	(14,384)
Thereafter	<u>-</u>
	<u>\$ 4,956</u>

Actuarial Assumptions

The total pension liability at the measurement date was determined by using an actuarial valuation as of the actuarial valuation date. Update procedures were used by the actuary to roll forward the total pension liability to be as of the measurement date.

Economic assumptions used in the actuarial valuation date include:

Actuarial cost method	Aggregate Cost Method
Inflation	2.9%
Salary increases	4.4%
Investment rate of return (net of investment expense, including inflation)	5.9%
Active member decrements	1.5%

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.

6. PENSION PLAN (Continued)

For Fiscal Year Ended December 31, 2024 (Continued)

Actuarial Assumptions (Continued)

Demographic assumptions used in the actuarial valuation date are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

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 Allocations</u> in %	<u>Long-term expected</u> rate of return in %
Domestic equity	32.0	4.00
International equity	15.0	6.65
Private equity	10.0	7.25
Real estate	9.0	4.60
Opportunistic/ARS portfolio	3.0	5.25
Credit	4.0	5.40
Real assets	3.0	5.79
Fixed Income	23.0	1.50
Cash	<u>1.0</u>	0.25
	<u>100.0</u>	

Discount Rate

The discount rate used to measure the total pension asset was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan'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.

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

The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease <u>(4.9%)</u>	Current Discount <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Proportionate share of Net Pension Liability (Asset)	<u>\$ 365,682</u>	<u>\$ 116,307</u>	<u>\$ (91,972)</u>

6. **PENSION PLAN** (Continued)

For Fiscal Year Ended December 31, 2024 (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (in 000's) of the employers as of the measurement date were as follows:

	<u>ERS</u>
Employers' total pension liability	\$240,696,851
Fiduciary net position	<u>(225,972,807)</u>
Employers' net pension liability	<u>\$ 14,724,050</u>
Fiduciary net position as a percentage of total pension liability	93.88%

MADISON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Madison, New York)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Pension Schedules

December 31, 2025

(Dollar amounts displayed in thousands)

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

	2025	2024	2023
Proportion of the net pension liability (asset)	0.001%	0.001%	0.001%
Proportionate share of the net pension liability (asset)	\$ 131	\$ 116	\$ 117
Covered-employee payroll	\$ 180	\$ 171	\$ 164
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	72.78%	67.84%	-71.34%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.88%	93.88%	90.78%

Information for the periods prior is unavailable and will be completed for each year going forward as they become available.

(Dollar amounts displayed in thousands)

SCHEDULE OF CONTRIBUTIONS - PENSION PLAN

	2025	2024	2023
Contractually required contribution	\$ 32	\$ 25	\$ 21
Contributions in relation to the contractually required contribution	<u>32</u>	<u>25</u>	<u>21</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 180	\$ 171	\$ 164
Contributions as a percentage of covered-employee payroll	17.78%	14.62%	12.80%

Information for the periods prior is unavailable and will be completed for each year going forward as they become available.

INDEPENDENT AUDITOR'S 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

March 26, 2026

To the Board of Directors of
Madison County Industrial Development Agency:

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 Madison County Industrial Development Agency (the Agency), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 26, 2026.

Report on Internal Control Over Financial Reporting

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

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 or significant deficiencies may exist that have not been identified.

INDEPENDENT AUDITOR'S 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 (Continued)

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.