Ulster County Industrial Development Agency

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

Financial Statements
and Supplementary Information

Year Ended December 31, 2023

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Ulster County Industrial Development Agency
(A Discretely Presented Component Unit of Ulster County, New York)

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

The Board of Directors of the
Ulster County Industrial Development Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Ulster County Industrial Development Agency (a discretely presented component unit of Ulster County, New York) ("Agency"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Agency's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of December 31, 2023, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

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Other Supplementary Information

Management is responsible for the other supplementary information included in the annual financial report. The other supplementary information consists of the Schedule of Revenues and Expenses – Budget and Actual, Schedule of Indebtedness – Bonds and Notes, Schedule of Indebtedness – Straight Lease, Schedule of Payments in Lieu of Taxes and the Schedule of Full Time Equivalent Jobs but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other supplementary information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other supplementary information and consider whether a material inconsistency exists between the other supplementary information and the financial statements, or the other supplementary information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other supplementary information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

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

PKF O'Connor Davies, LLP
Harrison, New York
March XX, 2024

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ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of Ulster County, New York)

Management's Discussion and Analysis (Unaudited)
For the year ended December 31, 2023

INTRODUCTION

Our discussion and analysis of Ulster County Industrial Development Agency's ("Agency") financial performance provides an overview of the Agency's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the Agency's financial statements that follow this discussion and analysis. Ulster County Industrial Development Agency is a New York State public authority and industrial development agency operating in the County of Ulster, New York. This summary discussion and analysis includes only the financial and general business of the Agency.

FINANCIAL HIGHLIGHTS

The Agency's net position decreased by $156,754 (roughly 15%) as a result of operations for the fiscal year ended December 31, 2023.

In 2023, revenues totaled $51,248, which is a decrease of $50,540 compared to 2022. In 2022 there was a decrease of $674,865 over 2021 revenues.

In 2023, expenses totaled $208,002. This is a $9,941 increase over 2022 expenses compared to a $50,542 decrease from 2021 to 2022. The current year's decrease was due to the elimination of a contract for administrative staffing services towards the end of 2022, offset by an increase in personal services and related benefits incurred when hiring the new Executive Director and assistant.

AGENCY HIGHLIGHTS

For the year ended December 31, 2023, the Agency continued to earn $33,000 administrative fees on the open projects. Although there were no new projects closed during 2023, the Agency anticipates closing on two projects in the next year.

The Board consists of five (5) members. All Directors were appointed or reappointed effective June 1, 2022 for a two-year term. The Agency continued to incur a turnover in administrative staff during the current period. During this pivotal transition, the Agency worked diligently to review its mission, needs, and goals as they relate to the Agency's Organizational structure.

USING THIS ANNUAL REPORT

This Annual Report consists primarily of the Statement of Net Position, Statement of Revenues, Expenses, and Changes of Net Position and the Statements of Cash Flows, which provide information about the activities of the Agency only.

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These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The statements report the Agency's net position and changes in net position. One way to measure the Agency's financial position is to look at the net position – the difference between assets and liabilities.

CONDENSED COMPARATIVE FINANCIAL STATEMENTS AND ANALYSIS

The Agency's net position at the end of 2023 was $1,035,548, a decrease of $156,754 from $1,192,302 at December 31, 2022. The Agency's net position at the end of 2022 was $1,192,302, a decrease of $96,273 from $1,288,575 at December 31, 2021.

Our Analysis below focuses on net position (Table 1) and the changes in net position (Table 2).

Table 1 - Net Position

	2023	2022
Total Assets	$ 1,062,081	$ 1,225,485
Total Liabilities	26,533	33,183
Net Position - Unrestricted	1,035,548	1,192,302

CURRENT ASSETS

Cash and equivalents, including restricted and unrestricted, totals at the end of 2023 were $509,839 versus $600,384 at the end of 2022. The decrease is a combined result of less project fees and the collection of short-term receivables compared to 2022. Cash and equivalents totaled $600,384 at the end of 2022 versus $709,505 at the end of 2021. The decrease in Cash and equivalents from 2021 to 2022 was a combined result of less project fees, less grant expenses, lower administrative staff costs, and the collection of short-term receivables.

CURRENT LIABILITIES

Outstanding payables were for services performed in the current fiscal year and paid for in the subsequent fiscal year, and deposits held in escrows. During the year ended December 31, 2019, the Agency began collecting an additional fee held in escrow for labor audits. As those labor audit fees are incurred, the IDA recognizes the expense and an off-setting revenue. Any remaining escrow money not spent at the end of the project is returned to the project owner. Escrow payables as of December 31, 2023 were $14,981 compared to $20,195 as of December 31, 2022. The primary source of the decrease of $5,214 in escrow payables was due to a project modification in which $44,635 of escrow was utilized.

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Table 2 - Changes in Net Position

	2023	2022
Revenues		
Operating revenues	$ 34,650	$ 92,640
Pass-thru revenues	9,914	7,336
Non-operating revenues	6,684	1,812
Total Revenues	51,248	101,788
Expenses		
Operating expenses	198,088	190,725
Pass-thru expenses	9,914	7,336
Total Expenses	208,002	198,061
Changes in Net Position	$ (156,754)	$ (96,273)

The Agency's revenues in 2023 were $51,248 versus $101,788 in 2022. Expenses in 2023 were $208,002 versus $198,061 in 2022. The revenue decrease in 2023 over 2022 was caused by a significant decrease in project closing fees. The expenses increased in 2023 was due to the elimination of a contract for administrative staffing services towards the end of 2022, offset by an increase in personal services and related benefits incurred when hiring the new Executive Director and assistant.. The Agency's revenues in 2022 were $101,788 versus $776,653 in 2021.

CAPITAL ASSETS AND LONG-TERM DEBT

There were no capital asset additions in 2023 or 2022 and the Agency did not take on any long-term debt in 2023 or 2022. Moreover, there were no capital asset additions or long-term debt issuances taken on in 2021.

BUDGET

The Agency adopted a 2023 budget projecting revenues and expenses to be $469,500. Actual 2023 revenues totaled $51,248 and actual 2023 expenses totaled $208,002. There was a negative variance in revenues of $418,252 due to lower than anticipated closing fee revenue. Conversely, there was a positive variance in expenses of $235,445 due to administrative turnover which resulted in a large savings for the Agency. Pass-thru revenues and pass-thru expenses for project expenditures paid by the Project(s) through escrow totaled $9,914.

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CONTACTING THE AGENCY'S FINANCIAL ADMINISTRATOR

This Management's Discussion and Analysis is designed to provide the Agency's citizens, taxpayers, projects, and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ulster County Industrial Development Agency at P.O. Box 4265, Kingston, New York 12402.

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Ulster County Industrial Development Agency
(A Discretely Presented Component Unit of Ulster County, New York)

Statement of Net Position
December 31, 2023

ASSETS		
Cash and equivalents	$	494,858
Investments		206,917
Receivables		
Accounts receivable		332,100
Due from Ulster County Capital Resource Corporation		10,571
Security deposits		975
Prepaid expenses		1,679
Restricted cash		14,981
Total Assets		1,062,081
LIABILITIES		
Accounts payable		1,163
Accrued expenses		8,739
Unearned revenue		1,650
Escrow deposits		14,981
Total Liabilities		26,533
NET POSITION		
Unrestricted	$	1,035,548

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See notes to financial statements.

Ulster County Industrial Development Agency
(A Discretely Presented Component Unit of Ulster County, New York)

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2023

OPERATING REVENUES	
Administrative fees	$ 44,414
Miscellaneous income	150
Total Operating Revenues	44,564
OPERATING EXPENSES	
Salaries and benefits	44,961
Professional services contracts	141,568
Supplies and materials	5,323
Other operating expenses	16,150
Total Operating Expenses	208,002
Loss from Operations	(163,438)
NON-OPERATING REVENUES	
Interest income	6,684
Change in Net Position	(156,754)
NET POSITION	
Beginning of Year	1,192,302
End of Year	$ 1,035,548

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See notes to financial statements.

Ulster County Industrial Development Agency
(A Discretely Presented Component Unit of Ulster County, New York)

Statement of Cash Flows
Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from administrative fees	$ 46,064
Cash received from miscellaneous income	150
Cash received from escrow	64,076
Cash payments to suppliers and service providers	(167,096)
Cash payments for salaries and benefits	(36,038)
Net Cash from Operating Activities	(92,844)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from maturities of investments	202,532
Purchase of investments	(203,715)
Interest income	3,482
Net Cash from Investing Activities	2,299
Net Change in Cash and Equivalents	(90,545)
CASH AND EQUIVALENTS	
Beginning of year	600,384
End of year	$ 509,839
RECONCILIATION OF CASH AND EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and equivalents	$ 494,858
Restricted cash	14,981
Total Cash and Equivalents	$ 509,839
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	
Loss from operations	$ (163,438)
Adjustments to reconcile loss from operations to net cash from operating activities	
Accounts receivable	69,290
Due from Ulster County Capital Resource Corporation	10,608
Security deposits	(975)
Prepaid expenses	(1,679)
Accounts payable	(11,461)
Accrued expenses	8,375
Unearned income	1,650
Escrow deposits	(5,214)
Net Cash from Operating Activities	$ (92,844)

See notes to financial statements.

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Note 1 - Organization and Purpose

The Ulster County Industrial Development Agency ("Agency") is a public benefit corporation which was established by New York State legislation and commenced operations in 1978. The Agency is exempt from Federal, State and Local income taxes. The members of the Agency are appointed by the County of Ulster's Legislature. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The Agency's present function is to advance the job opportunities, general prosperity, and long-term economic vitality of Ulster County ("County") residents by targeting tax incentives, bonding, and other assistance to foster creation and attraction of new business and the retention and expansion of existing business. The Agency also as the power to acquire, construct, reconstruct, lease, sell, improve, maintain, equip, or furnish certain properties and facilities.

The Agency enters into and administers Payment in lieu of taxes ("PILOT") agreements for various companies in Ulster County, New York ("County"). The PILOT agreements are entered into between the Agency and a third-party business. Title to property owned by the third-party business is transferred to the Agency for a period time. During the term of the agreement when the Agency holds the title to the property, the third-party business pays an annual PILOT amount based on a calculation derived by a formula in the agreement. The calculation is performed by the Ulster County Commissioner of Finance and sent to the municipalities. The PILOTS allow the participants to make payments at a lower rate than if the company paid the property's assessed value at the current tax rates for County, Town, and School taxes. Certain requirements are to be met by the company to be able to maintain their PILOT. These requirements, stated in the PILOT agreement, can be comprised of reaching and maintaining certain employment goals and paying their PILOT in a timely fashion. This promotes employment and economic development. The Agency does not collect PILOT payments on behalf of the local taxing authorities. At the completion of the PILOT program, title to the property is transferred back to the third-party business owner and the property goes back on the respective tax rolls.

Note 2 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Agency has been identified as an organization related to the County. In accordance with the criteria enumerated in Governmental Accounting Standards Board ("GASB") Statement No. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*", the Agency's financial statements have been discretely presented in the County's financial statements.

B. Basis of Accounting

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Agency reports its operations on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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Note 2 - Summary of Significant Accounting Policies (Continued)

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Agency's principal ongoing operation. The principal operating revenues of the Agency are administrative fees. Operating expenses include salaries and benefits, professional services contracts, supplies and materials and other operating expenses. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

C. Assets, Liabilities and Net Position

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The Agency's deposit and investment policies are governed by State statutes. The Agency has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Agency is authorized to use demand deposits, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Agency has entered into a custodial agreement with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The Agency follows the provisions of GASB Statement No. 72, *"Fair Value Measurement and Application"*, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Agency does have a formal investment policy and it requires the Agency to diversify by financial institution, maturity and type of investment, however it does not limit investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Agency does not invest in any long-term investment obligations.

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Note 2 - Summary of Significant Accounting Policies (Continued)

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Agency's name. The Agency's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2023.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Agency does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Agency's investment policy limits the amount on deposit at each of its banking institutions.

Accounts Receivable

Accounts receivable is comprised of fees totaling $332,100 for the year ended December 31, 2023. The majority of the balance is derived from one project. Collateral is not required. The current year amount is expected to be fully collectible within a year of the fiscal year end; accordingly, there is no allowance for doubtful accounts. As of December 31, 2023, one project represented 99% of total accounts receivable balances.

Unearned Revenues

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the Statement of Net Position, unearned revenues consist of revenue received in advance and/or grants received before the eligibility requirements have been met. The Agency has reported unearned revenues of $1,650 for administrative fees collected in advance.

Escrow Deposits

Escrow deposits relate to fees held in escrow related to labor audits, public hearing notices and transcription services related to public hearings. As the fees are incurred, the Agency will recognize revenue and expense. Any funds remaining in escrow at the completion of the project will be returned to the owner. As of December 31, 2023 the total held in escrow was $14,981.

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Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Agency receives closing fees for bond and note issues as well as straight lease transactions expected savings on mortgage recording and sales and use taxes exemptions. Income generated from administrative and lease fees are recognized in the period the services are performed. Escrow receipts and escrow payments related to the property not owned by the Agency for costs paid by open projects are accounted for as pass-thru transactions.

The Agency has the responsibility for administering PILOT programs, but the jurisdictions ultimately bear the risk of loss if PILOT payments are not paid by the respective companies. Participants in the PILOT program are instructed to pay the taxing authorities directly.

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

D. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Note 2 - Summary of Significant Accounting Policies (Continued)

E. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March XX, 2024.

Note 3 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Agency employs the following budgetary procedures:

a) By October of each year, the Financial Officer submits a tentative budget to the Finance Committee and the Finance Committee recommends the budget to the Board of Directors for final approval for the next fiscal year which begins the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing.

B. Expenses in Excess of Budget

The following expenses exceeded their budgetary authorizations by the amounts indicated:

Professional fees	
Administrative fees	$ 3,195
Audit fees	2,750
Legal fees	14,504
Supplies and materials	2,523
Other operating expenses	
Dues and fees	1,091
Subscriptions	2,034

C. New Accounting Pronouncement

GASB Statement No. 96, *"Subscription-Based Information Technology Arrangements (SBITA's)",* established a single model for SBITA accounting based on the concept that SBITA's are a financing of a "right-to-use" underlying asset. This statement requires a subscriber to recognize a subscription liability and an intangible right-to-use subscription asset. The requirements of GASB Statement No. 96 are effective for the Agency fiscal year ended December 31, 2023. The Agency has completed its evaluation of the financial impact of GASB Statement No. 96 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

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Note 4 - Investments

Investments held in the Agency at December 31, 2023 consisted of the following:

Investment Type	Issue Date	Maturity Date	Amount
Certificate of deposit	August 17, 2023	August 17, 2024	$ 206,917

Certificates of deposit are not subject to provisions of fair value measurements as they are recorded at cost.

Note 5 - Accounts Receivable

Accounts receivable is comprised of fees totaling $332,100 as of December 31, 2023. This amount is collectible within one year of the fiscal year end. As of December 31, 2023, one project represented 99% of total accounts receivable balance.

Note 6 - Conduit Debt Obligations, Bonds and Notes and Straight Lease Transactions

From time to time, the Agency has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the interest of the public. The bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither, the Agency, the State of New York, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Note 7 - Tax Abatement

The Agency enters into property tax abatement agreements with local businesses under Title I of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Act"). The abatements may be granted to any business located within or promising to relocate to Ulster County, New York. Under the Act, the Agency (as amended March 17, 2003) may grant property tax abatements for a business' property tax bill for the purpose of attracting or retaining business within their jurisdictions, as follows:

Year of Exemption	Fraction of Assessment
1	50%
2	55%
3	60%
4	65%
5	70%
6	75%
7	80%
8	85%
9	90%
10	100%

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Note 8 - Related Parties

The Agency and the Ulster County Capital Resource Corporation ("Corporation") are comprised of the same Governing Board. The Agency and Corporation entered into a Shared Services Agreement, effective July 1, 2022. Under this agreement the Agency contracts for and administers all administrative, legal, and accounting agreements on behalf of both organizations. The Agency and Corporation also share a website and office equipment. The Corporation reimburses the Agency at a standard rate of 5% for all covered expenditures. As of December 31, 2023, the amount due from the Corporation was $10,571.

Note 9 - Payroll and Benefits

During 2023, the Agency hired a full-time Executive Director and an assistant. The Agency does not compensate its employees for unused vacation or sick leave and they are not entitled to Other Postemployment Benefits. The employees are not part of the New York State and Local Retirement System.

Note 10 - Commitments and Contingencies

Litigation

In its normal course of business the Agency is subject to litigation. Presently, the Agency is named in several cases because the Agency owns an interest in the site pursuant to an Agency straight lease transaction that was previously closed. Under the documents entered into in connection with the straight lease transaction, the defendant has agreed to defend and indemnify the Agency with respect to any actions.

Note 11 - Risk Management

The Agency purchases conventional insurance coverage for directors and officers liability and employment practices liability in the combined form. The current policy reflects a combined limit of $1 million per occurrence or $1 million for the period of the policy.

Note 12 - Recently Issued GASB Pronouncements

GASB Statement No. 101, "*Compensated Absences*", provides guidance on the accounting and financial reporting for compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Agency believes will most impact its financial statements. The Agency will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

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SUPPLEMENTARY INFORMATION

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Ulster County Industrial Development Agency
(A Discretely Presented Component Unit of Ulster County, New York)

Other Supplementary Information
Schedule of Revenues and Expenses - Budget and Actual
December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Administrative fees				
Project closing fees	$ 410,000	$ 410,000	$ 2,500	$ (407,500)
Administrative fees	40,000	40,000	30,500	(9,500)
Application fees	2,000	2,000	-	(2,000)
Project pass-thru fees	15,000	15,000	9,914	(5,086)
Late fees	1,000	1,000	1,500	500
Total Administrative Fees	468,000	468,000	44,414	(423,586)
Miscellaneous income	-	-	150	150
Interest income	1,500	1,500	6,684	5,184
Total Revenues	469,500	469,500	51,248	(418,252)
EXPENSES				
Salaries and benefits				
Salaries	176,000	176,000	41,947	134,053
Employee benefits	89,197	89,197	3,014	86,183
Total Salaries and benefits	265,197	265,197	44,961	220,236
Professional fees				
Administrative fees	59,600	59,600	62,795	(3,195)
Audit fees	21,000	21,000	23,750	(2,750)
Legal fees	40,000	40,000	54,504	(14,504)
Livestream	10,000	10,000	-	10,000
Website and marketing	15,000	15,000	519	14,481
Total Professional Fees	145,600	145,600	141,568	4,032
Supplies and materials	2,800	2,800	5,323	(2,523)
Other operating expenses				
Project Expenditure Pass-Thru	14,000	14,000	9,914	4,086
Dues and fees	850	850	1,941	(1,091)
Insurance	3,500	3,500	2,261	1,239
Miscellaneous	6,200	6,200	-	6,200
Seminars and conferences	500	500	-	500
Software	4,300	4,300	-	4,300
Subscriptions	-	-	2,034	(2,034)
Travel and meals	500	500	-	500
Total Other Operating Expenses	29,850	29,850	16,150	13,700
Total Expenses	443,447	443,447	208,002	235,445
Total Revenues in Excess (Deficiency) of Expenses	$ 26,053	$ 26,053	$ (156,754)	$ (182,807)

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See independent auditors' report.

Ulster County Industrial Development Agency
(A Discretely Presented Component Unit of Ulster County, New York)

Supplementary Information
Schedule of Indebtedness - Bonds and Notes
December 31, 2023

Project Name Owner Name and Address	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance at 1/1/2023	New Issues	Retired in 2023	Balance at 12/31/2023	Project Purpose Code
Gardiner Library 5 Station Square Gardiner, NY 12525	10/07	12/28	6.30%	$ 900,000	$ 210,940	$ -	$ 46,850	$ 164,090	8
Selux 3 Lumen Lane Highland, NY 12528	06/04	12/24	4.01%	1,000,000	90,000	-	45,000	45,000	5
Partition Street 319 Main Street Saugerties, NY 12477	12/30	12/30	4.66%	8,833,000	4,824,122	-	535,169	4,288,953	8
						-			
Totals				$ 10,733,000	$ 5,125,062	$ -	$ 627,019	$ 4,498,043	

* Variable interest rate: The Wall Street Journal Prime Rate ("Index") plus 0.0%. Rate as of December 31, 2023 was 8.5%.

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Project Purpose Codes
1 - Services
2 - Construction
3 - Agriculture, Forestry and Fishing
4 - Wholesale Trade
5 - Retail Trade
6 - Finance, Insurance and Real Estate
7 - Transportation, Communication, Electric, Gas and Sanitary Services
8 - Other
9 - Manufacturing

See independent auditors' report.

Federal Tax Status	Not-for-profit	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	Tax Exemptions					
				Real Property Tax					
				County	Local	School	Sales Tax	Mortgage Recording	Total Exemptions
Exempt	Yes	0	0	$ -	$ -	$ -	$ -	$ -	$ -
Exempt	No	0	32	-	-	-	-	-	-
Exempt	No	40	0	N/A	N/A	N/A	N/A	N/A	N/A

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Ulster County Industrial Development Agency
(A Discretely Presented Component Unit of Ulster County, New York)

Supplementary Information
Schedule of Indebtedness - Straight Lease
December 31, 2023

Project Name Owner Name and Address	Total Cost of Project	Method of Financial Assistance, Other than the Tax Exemptions	Project Purpose Code	Not-for-profit	Original Estimate of Jobs to be Created
2007 Route 9W, LLC 10 Lumen Lane Highland, NY 12528	N/A	PILOT	1	No	5
Apherea Inc. / RTH Realty Holdings, LLC 320 Roebling Street, Suite 126 Brooklyn, NY 11211	N/A	PILOT	6	No	6
Central Hudson Gas & Electric Tomson Rd & NYS Rt 212 Saugerties, NY 12477	N/A	PILOT	7	No	0
Darien Lake Kingston, LLC 8250 Park Road Batavia, NY 14020	N/A	PILOT	8	No	27
EA Flatbush LLC (Stavo Industries, Inc.) 132 Flatbush Avenue Kingston, NY 12401	N/A	PILOT	9	No	8
Ham III Realty, LLC P.O. Box 808 Milton, NY 12547	N/A	PILOT	9	No	20
Henry Stout and Creative Environments, LLC 1 Valley View Road Big Indian, NY 12410	N/A	PILOT	8	No	6
Hudson River Valley LLC (Northeast Center for Rehabilitation & Brain Injury) 24 Lohmaier Lane Lake Katrine, NY 12449	N/A	PILOT	8	No	412
LaSalle New Paltz (Institute for Family Health) 279 Main Street, Suite 102 New Paltz, NY 12561	N/A	PILOT	8	No	46
Hudson Valley Kingston Development, LLC 161 Christie Street New York, NY 10002	N/A	PILOT	6	No	50
Inness NY LLC 161 Chrystie Street New York, NY 10002	N/A	PILOT	6	No	10
KAGR2 Kingston, LLC (Formerly "Kingston Medical Properties") 111 Marys Ave Kingston, NY 12401	N/A	PILOT	8	No	0

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Original Estimate of Jobs to be Retained	Tax Exemptions					
	Real Property Tax					
	County	Local	School	Sales Tax	Mortgage Recording	Total Exemptions
21	$ 3,773	$ 5,745	$ 27,524	$ -	$ -	$ 37,042
0	-	-	1,434	64,546	-	65,980
726	24,829	43,350	120,484	-	-	188,663
0	24,423	45,072	182,388	-	-	251,883
51	8,601	30,017	70,858	-	-	109,475
135	19,913	43,938	143,184	-	-	207,035
47	9,763	16,342	30,350	-	-	56,455
0	117,201	216,284	890,080	-	-	1,223,565
28	N/A	N/A	N/A	N/A	N/A	-
0	17,854	62,315	152,915	-	-	233,084
2	15,732	8,377	74,891	-	-	99,001
51	10,362	36,165	88,745	-	-	135,272

(Continued)

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Ulster County Industrial Development Agency
(A Discretely Presented Component Unit of Ulster County, New York)

Supplementary Information
Statement of Indebtedness - Straight Lease (Continued)
December 31, 2023

Project Name Owner Name and Address	Total Amount of Lease	Method of Financial Assistance, Other than the Tax Exemptions	Project Purpose Code	Not-for-profit	Original Estimate of Jobs to be Created
Kingstonian Development, LLC 2951 US Route 9W New Windsor, NY 12553	N/A	PILOT	6	No	40
Landmark Preservation, LP 295 Broadway Kingston, NY 12401	N/A	PILOT	6	Yes	8
Marlboro Distr. RTE 9 LLC 1100 NYS Route 9W Marlboro, NY 12542	N/A	PILOT	8	No	13
DOC 1561 Ulster Ave MOB, LLC (Formerly "MHMG-KM Kingston, LLC" 1561 Ulster Avenue Lake Katrine, NY 12449	N/A	PILOT	8	No	54
RBW Studio LLC 67 34th Street No. 5, 6th Floor Brooklyn, NY 11232	N/A	PILOT	9	No	56
Saugerties NY Hospitality LLC 2778 Route 32 Saugerties, NY 12477	N/A	PILOT	8	No	11
Star Estate Development Group LLC 1835 Broadway Port Ewen, NY 12487	N/A	PILOT	8	No	26
The Greenhouses Hotel, LLC 2187 Bruynswick Road Wallkill, NY 12589	N/A	PILOT	8	No	17
UPAC, LLC 601 Broadway Kingston, NY 12401	N/A	PILOT	8	No	3
Wolf-tec, Inc. 132 Flatbush Avenue Kingston, NY 12401	N/A	PILOT	5	No	31
Woodland Ponds 60 Park Lane, Suite 5 Highland, NY 12528	$ 125,000,000	PILOT	8	Yes	126

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See independent auditors' report.

Original Estimate of Jobs to be Retained	Tax Exemptions					
	Real Property Tax					
	County	Local	School	Sales Tax	Mortgage Recording	Total Exemptions
0	$ 2,399	$ 8,374	$ 20,548	$ -	$ -	$ 31,321
0	31,421	109,663	258,870	-	-	399,954
11	14,478	31,947	104,109	-	-	150,535
88	175,174	323,270	1,329,781	-	-	1,828,225
0	11,704	21,598	87,400	-	-	120,702
0	11,950	20,864	57,988	-	-	90,803
2	6,933	6,714	50,007	-	-	63,654
0	7,311	7,612	54,480	-	-	69,402
13	13,590	47,432	111,967	-	-	172,989
74	13,164	45,943	108,454	-	-	167,561
0	130,516	454,936	818,669	-	-	1,404,121

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Ulster County Industrial Development Agency
(A Discretely Presented Component Unit of Ulster County, New York)

Supplementary Information
Schedule of Payments in Lieu of Taxes
Year Ended December 31, 2023

Project Name	Project Code	County PILOT	Local PILOT	School PILOT	Total PILOTS
2007 Route 9W, LLC	5101-16-01	$ 2,239	3,408	16,329	$ 21,976
Apherea Inc. / RTH Realty Holdings, LLC	5101-21-02	-	-	1,434	1,434
Central Hudson	5101-11-02	44,178	77,131	229,438	350,747
Darien Lake Kingston, LLC	5101-15-01	13,735	25,347	102,569	141,651
Ham III Realty, LLC	5101-19-03	11,879	26,212	99,860	137,951
Henry Stout and Creative Environments, LLC	5101-18-01	6,056	10,137	22,668	38,862
Hudson River Valley LLC (Northeast Center for Rehabilitation and Brain Trauma)	5101-98-02	87,395	161,281	663,721	912,397
Hudson Valley Kingston Development, LLC	5101-18-03	9,967	34,784	85,358	130,109
Inness NY LLC	5101-19-02	5,249	2,795	37,570	45,614
KAGR2 Kingston, LLC (Formerly Kingston Medical Properties)	5101-03-02	4,243	14,810	36,341	55,394
Kingstonian Development, LLC	5101-21-03	2,399	8,374	20,548	31,321
Landmark Preservation, LP	5101-18-04	30,722	107,224	253,109	391,055
LaSalle New Paltz	5101-98-03	-	13,509	-	13,509
Marlboro Distr. RTE 9 LLC	5101-18-02	9,720	21,447	99,789	130,956
MHMG-KM Kingston, LLC	5101-13-01	20,162	37,208	153,057	210,428
Partition Street	5101-10-002	-	-	-	-
RBW Studio LLC	5101-21-01	6,325	11,673	49,350	67,348
Saugerties NY Hospitality LLC	5101-17-03	1,265	2,209	19,102	22,576
Star Estate Development Group LLC	5101-19-01	4,408	4,269	36,349	45,027
Stavo Industries, Inc. (EA Flatbush)	5101-12-02	5,295	18,481	43,624	67,400
The Greenhouses Hotel, LLC	5101-17-04	2,174	2,263	16,200	20,637
UPAC, LLC	5101-17-02	-	-	-	-
Wolf-tec, Inc.	5101-12-01	6,246	21,798	51,456	79,500
Woodland Ponds	5101-07-02	83,657	306,600	524,743	915,000
Total		$ 357,315	$ 910,961	$ 2,562,615	$ 3,830,892

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See independent auditors' report.

Ulster County Industrial Development Agency
(A Discretely Presented Component Unit of Ulster County, New York)

Supplementary Information
Schedule of Full Time Equivalent (FTE) Jobs
December 31, 2023

Project Name	Project Code	No. of FTE Employees at Project Location Before IDA Status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	No. of Current FTE Employees	No. of FTE Construction Jobs Created During Fiscal Year
BONDS						
Gardiner Library	5101-07-03	0	0	0	3	0
Partition Street	5101-10-002	0	40	0	64	0
Selux	5101-01-04	32	36	122	156	0
PILOTS						
2007 Route 9W, LLC	5101-16-01	21	5	21	32	0
Central Hudson	5101-11-02	726	0	726	252	0
Darien Lake Kingston, LLC	5101-15-01	0	27	0	22	0
Ham III Realty, LLC	5101-19-03	135	20	135	128	0
Henry Stout and Creative Environments, LLC	5101-18-01	47	6	47	49	0
Hudson River Valley LLC	5101-98-02	0	412	0	269	0
Hudson Valley Kingston Development, LLC	5101-18-03	0	50	0	87	0
Inness NY LLC	5101-19-02	2	10	2	91	0
KAGR2 Kingston, LLC (Formerly Kingston Medical Properties)	5101-03-02	51	0	51	48	0
Kingstonian Development, LLC	5101-21-03	0	40	0	0	0
Landmark Preservation, LP	5101-18-04	0	8	0	14	0
LaSalle New Paltz	5101-98-03	28	46	28	158	0
Marlboro Distr. RTE 9 LLC	5101-18-02	11	13	11	11	0
MHMG-KM Kingston, LLC	5101-13-01	88	54	88	120	0
RBW Studio LLC	5101-21-01	0	56	0	69	0
RTH Realty Holdings, LLC	5101-21-02	0	6	0	38	0
Saugerties NY Hospitality LLC	5101-17-03	0	11	0	9	0
Star Estate Development Group LLC	5101-19-01	2	26	2	67	0
Stavo Industries, Inc.	5101-12-02	51	8	51	81	0
The Greenhouses Hotel, LLC	5101-17-04	0	17	0	23	0
UPAC, LLC	5101-17-02	13	3	13	19	0
Wolf-tec, Inc.	5101-12-01	74	31	74	152	0
Woodland Ponds	5101-07-02	0	126	0	163	0
		1,281	1,051	1,371	2,123	0

N/A = Project did not provide any information for the current period.

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See independent auditors' report.

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*

Independent Auditors' Report

The Board of Directors of the
Ulster 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 the Ulster County Industrial Development Agency (a discretely presented component unit of Ulster County, New York) ("Agency"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Agency's financial statements, and have issued our report thereon dated March XX, 2024.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP
Harrison, New York
March XX, 2024

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