



**REGULAR MEETING OF THE
TOWN OF MONTGOMERY INDUSTRIAL DEVELOPMENT AGENCY**

*110 Bracken Road
Montgomery, New York 12549
www.montgomeryida.com
(845) 457-2600
Tuesday, February 14 2023*

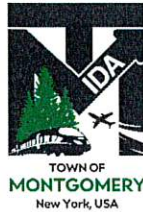
AGENDA (*Draft Agenda Subject to Change)

1:00 PM

- 1. Call to Order and Declaration of Quorum**
- 2. Approval of the March 21, 2023 Meeting Minutes**
- 3. Public Comment on Items on the Agenda**
- 4. Revised UTEP Policy Discussion and UTEP Amendment Resolution Consideration for Public Hearing**
- 5. Public Hearing- Milk Factory, LLC**
- 6. Public Hearing- KCE NY 2, LLC**
- 7. Executive Director's Report**
- 8. Financial Report**
- 9. Procurement Request Discussion and Consideration for Approval**
- 10. Other Business**
 - Debit Card and Bank Account Online Viewing Authorization
- 11. Adjournment**
- 12. Next Meeting Scheduled for May 9, 2023**

The meeting shall be live-streamed and be available for viewing at the following sites:

<https://www.facebook.com/TownofMontgomeryOfficial/>



**REGULAR MEETING OF THE
TOWN OF MONTGOMERY INDUSTRIAL DEVELOPMENT AGENCY**

*110 Bracken Road
Montgomery, New York 12549
www.montgomeryida.com
(845) 457-2600*

**March 21, 2023
1:00 P.M.**

PRESENT:

Jeffrey Crist – Chairman
J. Thomas Jones- Second Vice Chairman
Robert Santo – Member
George Declue – Member
Felicia Kalan – Executive Director TOMIDA
Lauren Rowley- Secretary TOMIDA
Billy Ibberson – Livestream Services (Acquisitions Marketing)
Ashley Torre- Naughton & Torre LLP
Lauren Rowley- Secretary TOMIDA

ABSENT:

Matt Stoddard – Treasurer
John Dickson – First Vice Chairman

NOTE: Conference Call Line – No Calls

AGENDA

- 1. Call to Order and Declaration of Quorum**
 - 2. Approval of the February 14, 2023 Meeting Minutes**
 - 3. Public Comment on Items on the Agenda**
 - 4. Audit Report Consideration for Approval- Jeffrey Shaver, PKF O'Connor Davies**
 - 5. Board Authorization for Executive Director to file PARIS report**
 - 6. NYSERDA Presentation- Jennifer Manierre, Michael Bowes and Nick Petrakis**
 - 7. Public Hearing- Revised UTEP Policy Discussion**
 - 8. Executive Director's Report**
 - 9. Financial Report**
 - 10. Other Business**
 - 11. Adjournment**
-

1- Chairman Jeffrey Crist called the meeting to order and introduced board members and others in attendance. A quorum was present.

2- A motion was made by George DeClue to approve the February 14, 2023 meeting minutes, which was seconded by J. Thomas Jones. All board members present were in favor, none opposed, motion accepted.

3- There were no public comments on items on the agenda.

4- Jeffrey Shaver from PKF O'Connor Davies read the TOMIDA audit reports. (Reports attached.) The audit can be finalized when Executive Director Felicia Kalan signs the reports.

Ashley Torre asked that the audit be accepted by a roll call vote.

A motion was made by J. Thomas Jones to accept the audit, which was seconded by George DeClue.

J. Thomas Jones- Aye
George DeClue- Aye
Robert Santo- Aye
Jeffrey Crist- Aye

Motion accepted.

5- Chairman Crist asked for a motion to authorize the Executive Director to file the PARIS report.

Ashley Torre just clarified that it should be plural- there are a couple different reports- and that this should also be approved by a roll call vote.

George DeClue made the motion, which was seconded by Robert Santo.

J. Thomas Jones- Aye
George DeClue- Aye
Robert Santo- Aye
Jeffrey Crist- Aye

Motion accepted.

6- NYSERDA presentation was given by Jennifer Manierre to educate on energy storage. Energy storage is an important mechanism in order to reduce greenhouse emissions and combat climate change. Energy storage takes excess energy and stores it, can help relieve congestion on the grid, and help provide backup power. So far, the state of New York has done about 4,000 projects and produced about 300 MW of energy storage, mostly smaller systems. There is an Energy Storage Guidebook produced by NYSERDA and includes an energy storage checklist, state fire code and other important resources for local governments to access. With energy storage, there are usually concerns about fire safety considerations.

Nick Petrakis from Energy Safety Response Group gave a fire safety discussion. Large scale testing is extremely involved and they help provide fire safety to fire departments to ensure local fire

departments are trained on potential hazards and how to respond. Lithium-ion stationary energy storage systems such as battery mobility devices are not regulated or tested like the battery storage system- so it is not an apples-to-apples comparison. Battery energy storage is extremely regulated and have high safety standards in every cell of the system. NY State has the most modern and restrictive requirements for energy storage, and is one of the most well-built out and is above and beyond and addresses the safety, operations and maintenance.

Robert Santo asked about the fire suppression chemicals, and if they could be described.

Nick Petrakis from Energy Safety Response Group responded that water is the preferred fire suppression method.

J. Thomas Jones asked if NYSERDA had any human rights related concerns on battery storage- no response was given from NYSERDA and they reiterated their support for energy storage.

7- Chairman Crist shared that notices went out to all taxing jurisdictions and asked Felicia Kalan to summarize the proposed changes plus any public comments that have been received so far.

Felicia Kalan stated that the current changes proposed start under the 'Technology and Advanced Manufacturing Schedule,' where 'Science and Technology Projects' and 'emerging industries' would be added. Under 'Adaptive Reuse of Facilities,' the 'Percent of Exemption' amounts in the schedule would be updated. The percentage of exemption starts at year one at 90%, which would be changed to 100%, year 2 at 90%, which would be changed to 95%, year 3 would stay the same, year 4 is 85% and it goes down in 5% increments up to year 15, which is 30%. Under 'Solar and Energy Projects' 'energy storage' would be added and the word 'small' would be taken out. The last change was a procedural change to offer further guidance on what to do when there is a noncompliance event so there is a clear procedure of what to do.

Don Berger from Residents Protecting Montgomery (RPM) had submitted an informal comment with suggestions to the schedule for adaptive reuse. He/they also opposed added in 'energy storage.' Felicia Kalan is going to ask Don Berger and RPM for a formal letter with their comments.

At the conclusion of Felicia's remarks, Chairman Crist asked for a motion to open the public hearing.

Robert Santo made a motion to open the public hearing and George DeClue seconded the motion. All board members were in favor, none opposed. Motion accepted.

Evette Avila, Superintendent of Schools for Valley Central School District, read a letter addressed to the IDA Chairman and board. (Attached.)

Chairman Crist noted that Felicia Kalan had extended an invite to meet in person with the school district and Ms. Avila thanked her for that invite and stated that she looked forward to meeting soon.

Chairman Crist thanked Ms. Avila for her comments. and asked if there was anyone else that would like to make a comment. There were no other public comments and the chairman then asked for any board comments.

J. Thomas Jones stated that the changes proposed by Don (Berger) on the surface feel like they make sense and are logical.

Robert Santo welcomed Ms. Avila and thanked her for coming and agreeing to meet as there has been some resistance from the school board in the past.

Chairman Crist reiterated that the philosophy and intent of the IDA is to add to the benefits and taxing base of the Town of Montgomery, and even beyond where possible, and attract businesses to our area. The tax base has grown enormously for the town and to the benefit of all the taxing jurisdictions. The chairman also stated that the board would look at the school district's letter seriously and suggested that the meeting with the school district take place before the public hearing was closed.

The public hearing will reconvene April 11, 2023 and could extend to May 9, 2023 if necessary.

Chairman Crist asked for a motion to adjourn the public hearing for today and reconvene on April 11, 2023.

Robert Santo made a motion to adjourn the public hearing for today and reconvene, which was seconded by George DeClue. All board members were in favor, none opposed. Motion accepted.

8- Felicia Kalan gave her Executive Director's report to the board. (Attached.)

9- Felicia Kalan read the financial reports from January and February to the board. (Attached.) All escrow accounts on now on the report and the January report was updated to show them as well. The USEF Sailfish escrow will be closed out as that account is not necessary anymore.

Chairman Crist stated that in light of the banking news over the last twelve days, we need to further look into the protection of our assets at the bank.

Robert Santo wondered if the IDA might split the money they have and keep only \$250,000 at each bank, but also stated that may be too naïve.

Ashely Torre stated that it is something definitely worth looking into and suggested speaking more with the auditors.

A motion was made by J. Thomas Jones to approve the financial report, which was seconded by George DeClue. All board members were in favor, none opposed. Motion accepted.

10- A debit card policy is not ready just yet as there were a few more questions from council regarding this- how many cards (could have up to 4), what would the card limit be, what account would the debit card be linked to, and who would be in charge of the reconciliation and oversight.

Felicia Kalan stated that the card would only be used when checks are not an acceptable form of payment.

Ashley Torre stated that travel would also need to be part of the policy.

Felicia Kalan suggested that travel could maybe stay reimbursable instead of having a debit card on a trip.

Chairman Crist stated that the bank agreed that we should have Felicia Kalan, Lauren Rowley, Matt Stoddard, and himself each be able to see the accounts electronically to monitor any suspicious activity.

Ashley Torre asked how many cards the board was thinking about having.

Felicia Kalan stated that four cards was only suggested so you could see each person's individual activity as opposed to just one card with. She clarified that all the cards would say Montgomery IDA, there would be unique card numbers for each person.

J. Thomas Jones stated that he really thought only one card was necessary since we would continue to predominantly use checks and card use would be limited. One card would keep it simple.

Chairman Crist said he'd prefer more than one card, but thought two would be sufficient.

Ashley Torre stated that she will take this information and work on the policy.

Chairman Crist stated that the board needed to fill out the Ethics Disclosure Letters for the town's ethics board. Please return them ASAP.

Chairman Crist asked Felicia Kalan to share the procurement memos.

Felicia Kalan shared the first memo which was a reimbursement of \$225 to Jeffrey Crist for the Economic Development Conference he attended. A motion was made by Bob Santos to approve the reimbursement, which was seconded by George DeClue. All board members in attendance approved, none opposed. Motion accepted.

The second memo was for \$360 for QuickBooks Accounting Software.

Ashley Torre suggested that the board wait on approving this until the debit card policy is in place and also suggested getting another quote.

The board will hold off on approving this memo.

Felicia Kalan shared that the Business Council of Greater Montgomery event got two quotes for the joint event with the IDA at the end of April. The chosen venue is still waiting on final permits from the town so it was suggested that the date be changed or the event be at the second venue. Hopefully this will all be resolved by the next meeting.

Chairman Crist stated that the next meeting is April 11, 2023 at 1pm and there is also a governance committee meeting that day scheduled for 12:30pm.

11- George DeClue made a motion to adjourn the meeting, which was seconded by Bob Santos. All board members were in favor, none opposed. Motion accepted.

These minutes were transcribed by Lauren Rowley, Secretary of the Town of Montgomery IDA.

Town of Montgomery Industrial Development Agency

(A Discretely Presented Component Unit of the
Town of Montgomery, New York)

Schedule of Cash and Investments

Year Ended December 31, 2022

Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

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Independent Auditors' Report

**The Board of Directors of the
Town of Montgomery Industrial Development Agency**

Report on the Audit of the Schedule of Cash and Investments

Opinion

We have audited the Schedule of Cash and Investments (the "Schedule") of the Town of Montgomery Industrial Development Agency (a discretely presented component unit of the Town of Montgomery, New York) ("Agency"), as of December 31, 2022, and the related notes.

In our opinion, the accompanying Schedule of Cash and Investments and related notes referred to above presents fairly, in all material respects, the cash and investments of the Agency as of December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule. 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 Schedule

Management is responsible for the preparation and fair presentation of the Schedule 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 the Schedule that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is 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 Schedule.

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 Schedule, 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 Schedule.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2023 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters with respect to the Schedule. 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 with respect to the Schedule.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
March 21, 2023

Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

Schedule of Cash and Investments
As of December 31, 2022

Cash and equivalents	<u>\$ 658,085</u>
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See accompanying notes to schedule of cash and investments.

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Town of Montgomery Industrial Development Agency

(A Discretely Presented Component Unit of the Town of Montgomery, New York)

Notes to Schedule of Cash and Investments
Year Ended December 31, 2022

Note 1 - Organization and Purpose

The Town of Montgomery Industrial Development Agency ("Agency"), a corporate governmental agency constituting a public benefit corporation, was created to assist the Town of Montgomery, New York ("Town") in financing projects within the Town limits that would enhance the social and economic fabric of the Town. The Agency is governed by Article 18-A of the General Municipal Law of the State of New York. The Agency is exempt from Federal, State and Local income taxes.

The Agency is administered by a Board of Trustees ("Board") that acts as the authoritative and legislative body of the entity. The Board is comprised of seven (7) board members who are appointed by the Town Board of the Town of Montgomery. Each Officer serves until such member dies, resigns or is replaced by resolution of the Town Board. No board members receive compensation for serving on the Board.

The Board of Trustees annually appoints the Chair(person) of the Board from existing board members. The Chair responsibilities are to preside at all meetings of the Board; be the chief officer of the Agency; perform all duties commonly incident to the position of presiding officer of a board, commission or business organization and exercise supervision over the business of the Agency.

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 deposits and investment policies are governed by New York State statutes. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Agency is authorized to use demand deposit accounts, 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. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York 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.

The Agency does not have any investments at December 31, 2022.

Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

Notes to Schedule of Cash and Investments (Concluded)
Year Ended December 31, 2022

Note 1 - Organization and Purpose (Continued)

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 not have a formal investment policy that limits 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.

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, 2022.

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.

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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of the Schedule of Cash and Investments
Performed in Accordance With *Government Auditing Standards***

Independent Auditors' Report

**The Board of Directors of the
Town of Montgomery 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 Schedule of Cash and Investments ("Schedule") of the Town of Montgomery Industrial Development Agency (a discretely presented component unit of the Town of Montgomery, New York ("Agency")) as of December 31, 2022 and the related notes to the Schedule, and have issued our report thereon dated March 21, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the Schedule, 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 Schedule, 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 Schedule will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's Schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, investment policies established by the Agency and the New York State Comptroller investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the Schedule. 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
PKF O'Connor Davies, LLP
Harrison, New York
March 21, 2023

Town of Montgomery
Industrial Development Agency
(A Discretely Presented Component Unit of the
Town of Montgomery, New York)

Financial Statements and Supplementary Information

Year Ended December 31, 2022

Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

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Independent Auditors' Report

The Board of Directors of the
Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Town of Montgomery Industrial Development Agency ("Agency"), a discretely presented component unit of the Town of Montgomery, New York, as of and for the year ended December 31, 2022 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 respective financial position of the Agency, as of December 31, 2022 and the respective changes in financial position and cash flows thereof 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 ("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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not 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. Our opinion on the financial statements is not affected by this missing information.

Other Supplementary Information

Management is responsible for the other supplementary information included in the financial statements. The other supplementary information consists of the Schedule of Bonds and Notes and the Schedule of Straight Leases, 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 21, 2023 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely 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
PKF O'Connor Davies, LLP
Harrison, New York
March 21, 2023

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Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

Statement of Net Position
December 31, 2022

	<u>2022</u>
ASSETS	
Current assets	
Cash and equivalents	<u>\$ 658,085</u>
LIABILITIES	
Current liabilities	
Accrued expenses	20,385
Project escrow liability	<u>10,575</u>
Total Liabilities	<u>30,960</u>
NET POSITION	
Unrestricted	<u>\$ 627,125</u>

See notes to financial statements.

Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

Statement of Revenues, Expenses
and Changes in Net Position
Year Ended December 31, 2022

OPERATING REVENUES

Fees charged \$ 1,720

OPERATING EXPENSES

Contracted services 47,757

Professional fees 33,591

Marketing/web services 3,444

Miscellaneous 2,841

Total Operating Expenses 87,633

Loss from Operations (85,913)

NON-OPERATING REVENUES

Interest income 239

Change in Net Position (85,674)

NET POSITION

Beginning of Year 712,799

End of Year \$ 627,125

See notes to financial statements.

Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

Statement of Cash Flows
Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from escrow deposits	\$ 20,160
Cash disbursed from escrow deposits	(23,800)
Cash received from fees	1,720
Cash paid for administrative costs	<u>(71,898)</u>
Net Cash from Operating Activities	(73,818)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>239</u>
Net Change in Cash and Equivalents	(73,579)

CASH AND EQUIVALENTS

Beginning of Year	<u>731,664</u>
End of Year	<u><u>\$ 658,085</u></u>

**RECONCILIATION OF LOSS FROM OPERATIONS
TO NET CASH FROM OPERATING ACTIVITIES**

Loss from operations	\$ (85,913)
Adjustments to reconcile loss from operations to net cash from operating activities	
Changes in operating assets and liabilities	
Prepaid expenses	850
Accrued expenses	14,885
Project escrow liability	<u>(3,640)</u>
Net Cash from Operating Activities	<u><u>\$ (73,818)</u></u>

See notes to financial statements.

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Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

Notes to Financial Statements
December 31, 2022

Note 1 - Organization

The Town of Montgomery Industrial Development Agency ("Agency"), a corporate governmental agency constituting a public benefit corporation, was created to assist the Town of Montgomery, New York ("Town") in financing projects within the Town limits that would enhance the social and economic fabric of the Town. The Agency is governed by Article 18-A of the General Municipal Law of the State of New York. The Agency is exempt from Federal, State and Local income taxes.

The Agency is administered by a Board of Directors ("Board") that acts as the authoritative and legislative body of the entity. The Board is comprised of seven (7) board members who are appointed by the Town Board of the Town of Montgomery. Each Officer serves until such member dies, resigns or is replaced by resolution of the Town Board. No board members receive compensation for serving on the Board.

The Board of Directors annually appoints the Chair(person) of the Board from existing board members. The Chair responsibilities are to preside at all meetings of the Board; be the chief officer of the Agency; perform all duties commonly incident to the position of presiding officer of a board, commission or business organization and exercise supervision over the business of the Agency.

Note 2 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Agency has been identified as a component unit of the Town in accordance with the criteria enumerated in Governmental Accounting Standards Board ("GASB") Statement No. 61.

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 applied 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.

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 principle operating revenue of the Agency is administration fees. Operating expenses include contracted services, professional fees, marketing/web services and miscellaneous costs. All revenue and expenses not meeting the definition are reported as non-operating revenues and expenses.

C. Assets 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.

Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

Notes to Financial Statements
December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

The Agency's deposits 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 deposit accounts, 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 custodial agreements 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 not have a formal investment policy that limits 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.

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, 2022.

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

Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

Notes to Financial Statements
December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Project Escrow Liability - Assets held for specific projects until disbursed during the project application phase. Unspent funds are returned at the end of the application process.

Net Position - represents the difference between assets and liabilities, Net position is classified as unrestricted.

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 and liabilities 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 these estimates.

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 21, 2023.

Note 3 - Stewardship, Compliance and Accountability

A. New Accounting Pronouncement

GASB Statement No. 87, "Leases", established a single model for lease accounting based on concept that leases are a financing of a "right-to-use" underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of GASB Statement No. 87 are effective for the Agency's fiscal year ended December 31, 2022. The Agency has completed its evaluation of the financial impact of GASB Statement No. 87 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

Notes to Financial Statements
December 31, 2022

Note 4 - Industrial Development Revenue Bond Transactions

Certain industrial development revenue bonds issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds are not obligations of the Agency. The Agency does not record the assets or a liability resulting from completed bond issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. In addition, the Agency receives closing fees for straight lease transactions as a percentage of the total project costs. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds or closing on leases.

Note 5 - Intermunicipal Agreement

During the year, an administrative services contract was put in place between the Agency and the Town. The Agency and the Town agree that the Town will provide certain services of the staff of the Department of Economic Development and Planning to act as the Executive Director of the Agency. The Agency reimburses the Town for the full cost of the salary and benefits paid by the Town on behalf of the Executive Director. In addition, the Town provides, maintains and equips suitable office space for the Agency.

OTHER SUPPLEMENTARY INFORMATION

Town of Montgomery Industrial Development Agency
 (A Discretely Presented Component Unit of the Town of Montgomery, New York)

Supplementary Information
 Statement of Indebtedness - Bonds and Notes
 December 31, 2022

<u>Project Name Owner Name and Address</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance at January 1, 2022</u>	<u>Retired in 2022</u>	<u>Balance at December 31, 2022</u>	<u>Project Purpose Code</u>
The Cedars Apartment Project 400 Cliff Street and 55 Main Street Walden, NY 12586	2015	07/32	4.51%	\$ 7,600,000	\$ 7,099,554	\$ 114,329	\$ 6,985,225	8

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			Sales Tax	Mortgage Recording	Total Exemptions	
				County	Local	School				
Exempt	No	2	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

Supplementary Information
Statement of Indebtedness - Straight Lease
December 31, 2022

<u>Project Name Owner Name and Address</u>	<u>Total Project Cost</u>	<u>Method of Financial Assistance, Other than the Tax Exemptions</u>	<u>Project Purpose Code</u>	<u>Not-for-profit</u>	<u>Original Estimate of Jobs to be Created</u>
Goodwill Properties, LLC 2105 State Route 208 Montgomery, NY 12549	\$ 6,750,000	None	1	No	20
Hudson Heritage Federal Credit Union 17 Walnut Street and 1059 St Rte 17k Montgomery, NY 12549	\$ 981,956	None	1	No	3
Kadge, LLC 36 Maybrook Road Montgomery, NY 12549	\$ 4,900,000	None	9	No	8
Montgomery Group 228 Ward Street Montgomery, NY 12549	\$ 1,175,000	None	8	No	32
Spruce Properties 2134 State Route 208 Montgomery, NY 12549	\$ 950,000	None	5	No	0
Stewart Holdings 60-90 Hawkins Drive Montgomery, NY 12549	\$ 11,471,232	None	9	No	17
United Natural Foods, Inc. 525 Neelytown Road Montgomery, NY 12549	\$ 85,000,000	None	7	No	331
USEF Sailfish, LLC 635 International Drive Montgomery, NY 12549	\$ 75,000,000	None	7	No	800

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.

Original Estimate of Jobs to be Retained	Tax Exemptions							Total Exemptions
	Real Property Tax			Sales Tax	Mortgage Recording			
	County	Local	School					
0	\$ 9,389	\$ 9,953	\$ 49,504	\$ -	\$ -	\$ -	\$ 68,846	
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
36	\$ 19,855	\$ 21,047	\$ 114,178	\$ -	\$ -	\$ -	\$ 155,080	
40	\$ 3,075	\$ 6,647	\$ 33,148	\$ -	\$ -	\$ -	\$ 42,870	
0	\$ 2,605	\$ 2,762	\$ 11,775	\$ -	\$ -	\$ -	\$ 17,142	
1	\$ 30,674	\$ 32,516	\$ 184,839	\$ -	\$ -	\$ -	\$ 248,029	
0	\$ 74,190	\$ 78,646	\$ 391,181	\$ -	\$ -	\$ -	\$ 544,017	
0	\$ 110,874	\$ 117,534	\$ 976,368	\$ -	\$ -	\$ -	\$ 1,204,776	

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**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
Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Montgomery Industrial Development Agency ("Agency"), a discretely presented component unit of the Town of Montgomery, New York as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Agency's financial statements, and have issued our report thereon dated March 21, 2023.

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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as item 2022-1 that we consider to be significant deficiencies.

Agency's Response to Findings

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

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 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 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
PKF O'Connor Davies, LLP
Harrison, New York
March 21, 2023

Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

Schedule of Findings and Responses
December 31, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were in prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted?

Yes No

Section II – Financial Statement Findings

2022-1 Use of General Ledger Accounting Software

Condition

Our audit procedures revealed that the Agency does not use general ledger software. Essentially, the Agency maintains manual external records that are used to support information in the financial statements.

Criteria

General ledger accounting software is a bookkeeping ledger where accounting data are posted and maintained.

Cause

Minimal financial activity contributed to the use of spreadsheets instead of general ledger software.

Effect

The financial statements could be materially misstated or incomplete due to input errors or omissions in the manual records.

Recommendation

We suggest that the Agency begin utilizing general ledger software as soon as possible and that efforts be made to ensure it is complete and accurate.

Town of Montgomery Industrial Development Agency
(A Discretely Presented Component Unit of the Town of Montgomery, New York)

Schedule of Findings and Responses
December 31, 2022

Management's Response

Due to minimal financial activity, our management used manual excel sheets for accounting purposes and provided monthly financial statements to the Board, and we had a staff vacancy in 2022. We plan to correct these findings by implementing online accounting software. The Executive Director and the Town of Montgomery IDA Board are responsible for implementing this corrective action.



Town of Montgomery Industrial Development Agency

Report to Those Charged with Governance
December 31, 2022

March 21, 2023

Prepared by

Jeffrey Shaver, Partner
jshaver@pkfod.com

A large graphic consisting of a thick blue outer ring and a white inner circle. The text "KNOW GREATER VALUE" is centered within the white circle.

**KNOW
GREATER
VALUE**

March 21, 2023

Board of Directors
Town of Montgomery Industrial Development Agency
110 Bracken Road
Montgomery, NY 12549

We have audited the financial statements of the Town of Montgomery Industrial Development Agency ("Agency") as of and for the year ended December 31, 2022 and have issued our report thereon dated March 21, 2023.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 19, 2023. Professional standards also require that we communicate to you the following information related to our audit.

We are pleased to be of service to you and the Agency and appreciate the opportunity to present our audit findings to you. We are also pleased to discuss other matters which may be of interest to you and to answer any questions you may have.

This information is intended solely for the use of the Those Charged with Governance and management of the Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP

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Status of the Audit	1
Required Communications and Other Matters	5
Internal Control Over Financial Reporting	9

Appendices

- 1 – Adjusting Journal Entries
- 2 – Management Representation Letter
- 3 – About PKF O'Connor Davies, LLP

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Status of the Audit

Audit of Financial Statements

- Audit fieldwork is complete.
- The financial statements have been reviewed by management and issued.
- We have issued an unmodified report on the financial statements

Required Communications and Other Matters

Required Item	Comments
Auditor's responsibility under professional standards and planned scope and timing of the audit	<p>We have communicated such information in our engagement letter to you dated January 19, 2023. Generally, these responsibilities include:</p> <ul style="list-style-type: none"> • Forming and expressing an opinion on the financial statements. • Obtaining <i>reasonable assurance</i> that the financial statements are <i>free of material misstatements</i>, whether caused by error or fraud. • Accumulating and communicating uncorrected misstatements to Those Charged with Governance ("TCWG"). • Maintaining professional skepticism. • Communicating audit related matters that are, in our professional judgment, significant to TCWG.
Other supplementary information accompanying the financial statements	<p>Our responsibility for the other supplementary information accompanying the financial statements 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.</p>
Other information in documents containing audited financial statements	<p>Our responsibility as auditors for other information in documents containing the audited financial statements does not extend beyond the financial information identified in the auditors', and we are not required to perform any procedures to determine that such other information is properly stated.</p>
Our responsibilities under the Yellow Book	<p>In connection with our audit we performed tests of the Entity's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.</p>

Required Item	Comments
Responsibilities of management and TCWG	<p>Management's responsibilities include:</p> <ul style="list-style-type: none"> • The fair presentation of the financial statements, including the selection of appropriate accounting policies. • Establishing and maintaining effective internal control. • Complying with laws, regulations, grants and contracts. • Providing the auditors with all financial records and related information and a signed representation letter. • Evaluate if there are any conditions or events, considered in the aggregate that raise substantial doubt about the Entity'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. • Setting the proper tone at the top. • Designing and implementing policies and controls to prevent and detect fraud. <p>TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.</p>
Qualitative aspects of accounting practices - Accounting Policies	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except for the adoption of the provisions of Governmental Accounting Standards Board Statement No. 87, "Leases". The Agency evaluated the impact of the statement and determined the amounts were not material to the financial statements.</p> <p>The accounting policies of the Entity conform to U.S. generally accepted accounting principles as applicable to state and local governments. The Entity's reports are based on all applicable GASB pronouncements.</p> <p>We noted no transactions entered into by the Entity during the year for which there is a lack of authoritative guidance or consensus.</p> <p>All significant transactions have been recognized in the financial statements in the proper period.</p>
Qualitative aspects of accounting practices – Significant Unusual Transactions	<p>No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions.</p>

Required Item	Comments
<p>Qualitative aspects of accounting practices - <i>Accounting Estimates and Management's Judgment</i></p>	<p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.</p> <p>Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were:</p> <ul style="list-style-type: none"> • Estimates for certain operating liabilities
<p>Qualitative aspects of accounting practices - <i>Financial Statement Disclosures</i></p>	<p>Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are:</p> <ul style="list-style-type: none"> • Note 2 which summarizes significant accounting policies • Note 6 which summarizes the Agency's related party transactions <p>The financial statement disclosures are consistent and clear.</p>
<p>Significant risks</p>	<p>We have identified the following significant risks in connection with our audit:</p> <p>Management override of internal controls</p> <p>The audit procedures applied as a result of the aforementioned significant risks were designed to and have reduced the risk of material misstatement to low.</p>
<p>Difficulties encountered in performing the audit</p>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>

Required Item	Comments
Corrected and uncorrected misstatements	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit (including passed adjustments and omitted financial statement disclosures), other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.</p> <p>In addition, corrected misstatements that were brought to the attention of management as a result of our audit procedures are also included in Appendix 1.</p>
Disagreements with management	<p>For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of the audit.</p>
Management representations	<p>We have requested certain representations from management that are included in the management representation letter (see Appendix 1).</p>
Management's consultations with other accountants	<p>In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.</p>
Auditor independence	<p>We affirm that PKF O'Connor Davies, LLP is independent with respect to the Entity in accordance with relevant professional standards.</p>
Significant issues discussed with management prior to retention	<p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the Entity's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Montgomery Industrial Development Agency's ("Agency") 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 Entity's internal control. Accordingly, we express no such opinion.

Professional standards require that we communicate to you, in writing, all significant deficiencies and/or material weaknesses in internal control that we identify in performing our audit. For this purpose, deficiencies in internal control are categorized as follows:

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

We noted deficiencies in the Entity's internal control that we consider to be significant deficiencies. These are described on the following pages.

In addition, we share for your consideration on the following pages other observations about the internal control and operations.

This communication is intended solely for the information and use of management and others charged with governance and is not intended to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these communications and comments in further detail at your convenience, or to assist you in implementing the recommendations.

PKF O'Connor Davies, LLP
Harrison, New York
March 21, 2023

**Town of Montgomery
Industrial Development Agency**

Significant Deficiencies

- **Use of General Ledger Accounting Software**

Condition

Our audit procedures revealed that the Agency does not use general ledger software. Essentially, the Agency maintains manual external records that are used to support information in the financial statements.

Criteria

General ledger accounting software is a bookkeeping ledger where accounting data are posted and maintained.

Cause

Minimal financial activity contributed to the use of spreadsheets instead of general ledger software.

Effect

The financial statements could be materially misstated or incomplete due to input errors or omissions in the manual records.

Recommendation

We suggest that the Agency begin utilizing general ledger software as soon as possible and that efforts be made to ensure it is complete and accurate.

**Town of Montgomery
Industrial Development Agency**

Other Matters

- **Bank Reconciliations**

Currently the financial transactions of Agency are not recorded through or into any type of accounting software. Rather, all activity is recorded through a spreadsheet. This spreadsheet is updated each month; however, no reconciliation of the cash balance is performed.

Recommendation

We suggest that a formal bank reconciliation be prepared for each month and that these reconciliations be filed so that they can later be accessed if needed. In order to enforce the checks and balances necessary for strong controls over cash, we also suggest that a member of the Board review the bank reconciliations for unusual items, investigate and fully resolve any such items, and document his or her approval by initialing the form. Alternatively, the bank reconciliations could be provided as part of the monthly report to the Board.

Appendix 1

Adjusting Journal Entries

Client: **1546602 - Town of Montgomery Industrial Development Agency**
 Engagement: **546602 - Town of Montgomery Industrial Development Agency**
 Period Ending: **12/31/2022**
 Trial Balance: **3000.00 - IDA TB**
 Workpaper: **1300.01A - mgt ltr Adjusting Journal Entries Report**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
to accrue payroll 25, 26 and 1. Payroll expenses for Felicia are billed quarterly; at year end these were unpaid.			
5000	Contracted Services	10,385.00	
2000	Accrued Expenses		10,385.00
Total		10,385.00	10,385.00
Adjusting Journal Entries JE # 2			
To correct balance in escrow liability for expenses paid out during the year and/or received during the year			
2001	Project Escrow Liability	3,640.00	
4000	Miscellaneous Income - Walden Construction Enterprise Escrow Deposit	5,160.00	
4109	Miscellaneous Income Key Capture 4109 Escrow Deposit	10,000.00	
4112	Miscellaneous Income city Winery 4112 Escrow Deposit	5,000.00	
5003	Other Operating Expenses	65.00	
5004	Sailfish Escrow		5,925.00
5005	Walden Construction Escrow		10,160.00
5006	Cardinal Health Escrow		80.00
5007	Key Capture Energy Escrow		7,200.00
5008	City winery Escrow		280.00
5009	Dormant Escrow		220.00
5009	Dormant Escrow		220.00
Total		23,865.00	23,865.00
Adjusting Journal Entries JE # 3			
To recognize 2022 membership expense. 2023 membership expense was not prepaid			
5103	EDC membership renewal dues	850.00	
1003	Prepaid Expense		850.00
Total		850.00	850.00
Adjusting Journal Entries JE # 4			
to adjust accrued expenses for auditing fee			
5001	Professional Services	4,500.00	
2000	Accrued Expenses		4,500.00
Total		4,500.00	4,500.00

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Appendix 2

Management Representation Letter



March 21, 2023

PKF O'Connor Davies
500 Mamaroneck Avenue, Suite 301
Harrison, New York 10528

This representation letter is provided in connection with your audit of the basic financial statements of the Town of Montgomery Industrial Development Agency (a discretely presented component unit of the Town of Montgomery, New York) ("Agency") which comprise the statement of net position as of December 31, 2022, and the related statement of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter, the following representations made to you during your audit:

Our Responsibilities

- 1) We acknowledge that we have fulfilled our responsibilities as set forth in the terms of the engagement letter for:
 - a) The preparation and fair presentation of the financial statements in accordance with US GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity. The individual fund financial statements have been prepared and presented in conformity with the accounting principles used to prepare the basic financial statements.
 - b) 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; and
 - c) The design, implementation, and maintenance of internal control to prevent and detect fraud.
- 2) We understand that the term "fraud" refers to intentional acts by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements. Two types of intentional misstatements are relevant to your audit -- misstatements resulting from fraudulent financial

reporting and misstatements resulting from misappropriation of assets. Fraudulent financial reporting involves intentional misstatements, including omissions of amounts or disclosures in financial statements to deceive financial statement users. Misappropriation of assets involves the theft of an entity's assets.

- 3) In regard to the financial statement preparation non-attest services performed by you, we have:
 - a) Assumed all management responsibilities.
 - b) Designated individuals within senior management, who have suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the result of the services.
- 4) We acknowledge our responsibility for presenting the supplemental schedules in accordance with US GAAP, and we believe the supplemental schedules, including its form and content, is fairly presented in accordance with US GAAP. The methods of measurement and presentation of the financial statements and supplemental schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Financial Statements

- 5) The financial statements referred to above are fairly presented in conformity with US GAAP and include all disclosures necessary for such fair presentation. In that connection, we specifically confirm that:
 - a) The Agency's accounting policies, and the practices and methods followed in applying them, are appropriate and are as disclosed in the financial statements.
 - b) There have been no changes during the period audited in the Agency's accounting policies and practices.
 - c) All material transactions have been recorded in the accounting records and are reflected in the financial statements
- 6) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 7) The following, where they exist, have been appropriately disclosed to you and accounted for and/or disclosed in the financial statements in accordance with the requirements of US GAAP:
 - a) The identity of all related parties and related party relationships and transactions including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the Agency is contingently liable, if any.
 - c) The effects of all known actual, possible, pending or threatened litigation, claims and assessments.
- 8) We have evaluated events subsequent to the date of the financial statements through the date of this letter, and no such events have occurred which would require adjustment or disclosure in the financial statements. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 9) We are in agreement with the adjusting journal entries you have proposed and they have been posted to the Agency's accounts.

Information Provided

10) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
- b) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, if applicable.
- c) Additional information that you have requested from us for the purpose of the audit.
- d) Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence.
- e) Completeness and availability of all minutes of the meetings of the Agency or summaries of actions of recent meetings for which minutes have not yet been prepared.
- f) All significant contracts and agreements.
- g) All documents and records provided electronically are accurate and complete reproductions of the original documents and records.

11) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. Based on our assessment, we did not identify any fraud risks that we believe would result in a material misstatement of the financial statements.

12) There are no deficiencies in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the Agency's ability to initiate, authorize, record, process, and report financial data reliably in accordance with US GAAP.

13) We have no knowledge of any fraud or suspected fraud that affects the Agency and involves:

- a) Management,
- b) Employees who have significant roles in internal control, or
- c) Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements communicated by employees, former employees, regulators, or others.

15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

Hosting Services

16) We acknowledge that electronic portals used during the audit are only a method of transferring data and the data may be deleted by you at any time.

17) We are responsible for maintaining our financial and non-financial information, licensing and hosting of any applications, and downloading and retaining anything you uploaded to such portal in a timely manner.

Government—specific

18) We have a process to track the status of audit findings and recommendations.

19) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

- 20) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 21) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 22) The Agency has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balance or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that we believe have a material effect on the financial statements.
- 25) There are no violations or possible violations of budget ordinances/resolutions, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably with senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures. We also understand that as part of your audit, you prepared various adjusting journal entries and acknowledge that we have reviewed and approved those entries and accepted responsibility for them.
- 27) The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The Agency has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 30) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements include all fiduciary activities required by GASB Statement No. 84.
- 32) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.

- 33) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 36) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- 37) Provisions for uncollectible receivables have been properly identified and recorded.
- 38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 39) Revenues are appropriately classified in the statement of revenues, expenses and changes in net position within operating revenues and non-operating revenues.
- 40) Deposits and investment securities are derivative instruments are properly classified as to risk and are properly disclosed.
- 41) The Agency does not own any material Capital assets.
- 42) We have appropriately disclosed the Agency's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.
- 44) Lease agreements have been appropriately accounted for and disclosed in accordance with the requirements of GASB Statement No. 87, "Leases". The Agency made available all relevant information related to its leases.
- 45) Expenditures of federal awards were below the \$750,000 threshold for the year ended December 31, 2022, and we were not required to have an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance").

Signature: _____

Felicia Kalan

Title: Executive Director

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Appendix 3

About PKF O'Connor Davies, LLP

Appendix 3

About PKF O'Connor Davies, LLP



Founded in 1891, PKF O'Connor Davies has evolved from a regional accounting firm to an emerging national leader with more than 1,400 professionals and 18 offices in the U.S. Our team of top-notch professionals delivers a complete range of audit, tax and advisory services to a diverse and growing global client base. By bringing together a boutique firm culture with big-firm resources, we have a unique ability to connect with clients on a deeper level and create value where others can't.

REGIONAL CONNECTIONS BACKED BY GLOBAL EXPERTISE

We are the lead North American firm in the PKF International network of independent accounting and advisory firms with offices in over 400 cities, in 150 countries around the world. It's a relationship that delivers unmatched access to global expertise and strengthens our ability to serve clients anywhere in the world as their needs and their businesses continue to evolve.

PROACTIVE SERVICE MODEL, ENGAGED PARTNER BASE

With a proven, proactive service model and an engaged Partner base, PKF O'Connor Davies has built long-lasting, valuable relationships with our clients.

Our Partners are actively involved in the day-to-day management of engagements, ensuring a high degree of client service and cost effectiveness. The Firm's seasoned professional staff members employ a team approach to all engagements, providing clients with the utmost quality and timely services aimed at helping them succeed.

KNOW GREATER VALUE

Our unwavering focus on value has consistently driven growth and delivered strong outcomes for our clients and our Firm. PKF O'Connor Davies currently ranks 25th on *Accounting Today's* 2023 "Top 100 Firms" list and continually gains acclaim as one of the country's fastest-growing firms. With more professionals, in more places every day, our teams are on the ground, at the ready and in the know. As the world changes, PKF O'Connor Davies clients will always **Know Greater Value.**

INDUSTRY RECOGNITION

Ranked 25 of "2023's Top 100 Firms"
Accounting Today, 2023

Ranked 5 of the "Top Firms in the Mid-Atlantic"
Accounting Today, 2023

"America's Best Tax and Accounting Firms"
Forbes, 2023

"Best Accounting Firm in Westchester"
914INC., 2022

"Accounting/Due Diligence Firm of the Year"
The M&A Advisor, 2022

"Best Business Consulting Firm for Family Offices"
Private Asset Management Awards, 2022

"Best Accountancy Advisor"
Family Wealth Report Awards, 2022

"Best Family Office Management Consultancy"
Family Wealth Report Awards, 2022

"Best Places to Work in Westchester"
914INC., 2023

"Best Places to Work in New Jersey"
NJBIZ, 2022

Ranked 14 of the 50 "Best Accounting Employers to Work for in North America"
Vault, 2023

KNOW GREATER VALUE[®]

At PKF O'Connor Davies we maintain a relentless commitment to understanding each client's operations and financial history so we can uncover every challenge, help meet every objective and exceed expectations. Through our unwavering client focus we create deeper connections, delivering tailored support and expertise that drive real-world value.



ACCOUNTING AND ASSURANCE SERVICES

- Accounting Outsourcing
- Agreed-Upon Procedures (AUPs)
- Audits, Reviews and Compilations
- Elite Accounting Services
- Employee Benefit Plans
- Endowment Fund Accounting
- International Financial Reporting Standards (IFRS)
- IT Audit and Cybersecurity Reviews
- Peer Review
- Public Company Accounting Oversight Board (PCAOB)
- Public Sector Audits and Compliance



ADMINISTRATION SERVICES

- Fund Administration Services
- Outsourced CFO Services
- Outsourced Portfolio Company Accounting



ADVISORY SERVICES

- Bankruptcy and Restructuring
- Cybersecurity and Privacy Advisory Services
- Dark Web Monitoring Services
- Digital Forensic Services
- ESG, Sustainability and Impact Optimization
- Family Advisory Services
- Forensic, Litigation and Valuation Services
- Management Consulting Services
- Matrimonial Services
- Operational and Cost Effectiveness
- PPP Loan Forgiveness Services
- Private Client/Business Owner Services
- Recruiting and Human Resources Consulting
- Risk Advisory Services
- Strategy and Transformation
- System Organization Control (SOC) Reports
- Transaction and Financial Advisory Services
- Virtual Chief Information Security Officer Services (vCISO)
- Wealth Services
- Services Offered by PKF Clear Thinking – Turnaround Advisory, Performance Improvement and Creditors' Rights



FAMILY OFFICE SERVICES

- Accounting and Reporting
- Advisory
- Charitable Giving
- Family Advisory Services
- Investment Monitoring and Oversight
- Lifestyle Support
- Personal Financial Management
- Tax Planning
- Wealth Planning



INTERNATIONAL SERVICES

- China Desk
- General Data Protection Regulation (GDPR)
- German Desk
- Latin America Desk
- Transfer Pricing



INVESTMENT BANKING SERVICES

- Acquisition Advisory
- Exit Readiness and Transaction Planning
- Sell-Side Advisory



TAX COMPLIANCE AND PLANNING SERVICES

- Employee Benefit Planning and Tax Compliance
- International Tax Services
- IRS Representation and Tax Controversies
- Personal Financial Planning
- Private Client/Business Owner Services
- Private Foundation Services
- State and Local Tax (SALT)
- Tax Compliance and Reporting
- Tax Research and Strategic Planning
- Tax-Exempt Organizations
- Trust and Estate Planning

PKF O'Connor Davies is the brand name under which PKF O'Connor Davies LLP and PKF O'Connor Davies Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. PKF O'Connor Davies LLP is a licensed CPA firm that provides attest services and PKF O'Connor Davies Advisory LLC and its subsidiary entities provide tax and advisory services. PKF O'Connor Davies is a member of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.



VALLEY CENTRAL SCHOOL DISTRICT

ADMINISTRATION OFFICES
944 STATE ROUTE 17K
MONTGOMERY, NY 12549-2240
PHONE: (845) 457-2400 Ext. 18510
www.vcsd.k12.ny.us

OFFICE OF THE
SUPERINTENDENT

EVETTE AVILA

March 21, 2023

VIA HAND DELIVERY:

Jeffrey D. Crist, Chairman
Town of Montgomery Industrial Development Agency
110 Bracken Road
Montgomery, New York 12549

***Re: Proposed Amendment to the Town of Montgomery
Industrial Development Agency Uniform Tax Exemption Policy***

Dear Chairman Crist:

As the Superintendent of Schools of the Valley Central School District ("District"), I am offering the District's comments on the proposed amendment to the Town of Montgomery Industrial Development Agency ("IDA") Uniform Tax Exemption Policy, as well as some more general concerns of the District regarding the IDA's current policy related to applicants who seek financial assistance in the form of a deviation from the Uniform Tax Exemption Policy.

With regard to the specific proposed amendments, the District has three concerns. First, the new schedule of phased out percentage exemptions applied to PILOT payments for IDA-assisted projects for adaptive reuse of buildings presents a more significant potential impact for calculating the District's annual tax levy limit.

The formula for computing the tax levy limit requires the District to subtract expected PILOT payments in the proposed budget year from the PILOT payments actually received in the base budget year. Thus, any change to the scheduled PILOT revenue stream, which increases the amount of the exemption in the initial year of the PILOT agreement raises the potential likelihood that the District may face a negative tax levy limit in the first year the property is tax exempt.

By contrast, if the change to the scheduled PILOT revenue stream widens the percentage exemption differential between the last year of the PILOT Agreement and the year in which the property returns to full taxable status, the District may experience a larger drop in anticipated payments in lieu of taxes. This would cause the District to potentially experience a more substantial increase in the tax levy limit cap for the proposed budget year when the property is no longer tax-exempt. The District believes that the more gradual the changes in the percentage exemption schedule for IDA-assisted projects, the more stable projections in fiscal planning.

The second concern involves the abatements that the Town IDA permits for renewable energy systems. In 2018, the Board of Education opted out of that section of the real property tax law that permits the renewable energy projects to proceed on a tax-exempt basis, provided that the developer enters into a PILOT agreement with the affected tax jurisdictions. The IDA has effectively mooted the District's decision to opt out of tax exemption, and require developers to pay their fair share of taxes, by allowing developers of such renewable energy projects to obtain financial assistance from the IDA, including real property tax exemptions consistent with Section 487 of the Real Property Tax Law in exchange for a PILOT agreement.

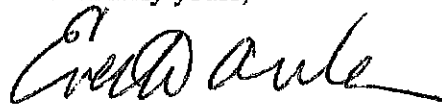
The third concern relates to the IDA's proposal to offer financial assistance to mixed-use developments. The prospect of granting significant real property tax breaks to developers for projects that include multi-family residential apartment units, which may have the effect of increasing the school-age population will likely shift the additional costs of educating all students to taxpayers, including homeowners, without providing sufficient revenues to offset these costs.

Finally, I also wish to express the District's general concerns with the IDA's process for applicants seeking a deviation PILOT agreement under the uniform tax exemption policy. As I mentioned previously, the granting of financial assistance by the IDA can significantly impact the District's tax levy limit calculation especially when the percentage exemptions shift greatly over the term of the PILOT Agreement. However, an even greater impact to the District's budgetary planning occurs because the increases to the assessed valuation of property that form the basis of payments under a PILOT agreement are not factored into the tax levy growth factor, unlike increases to assessed valuation for taxable property. Even when the property becomes fully taxable, upon the expiration of the PILOT Agreement, the increase in assessed valuation is not recaptured in the calculation of the tax levy growth factor for the District.

The deviation process is designed to provide developers with more enhanced real property tax abatements in the form of larger exemptions or a longer term that the exemptions will be in place. However, as currently constructed, the process does not condition the granting of this enhanced benefit upon the developer being required to obtain approval from the District or being required to commit to providing the District with a community benefit agreement, such as helping to offset the costs of future capital improvements that the District must undertake.

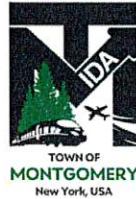
The District acknowledges the IDA's interest in promoting, attracting, developing and encouraging investments to advance the economic interests of this community. However, we believe it is equally important that the IDA should afford the District a greater voice in this process to support the education of its students, and to protect its taxpayers from further shouldering the financial burdens. Therefore, the District strongly believes that the IDA should ensure that the District has a direct say when applicants seek financial assistance in the form of a deviation PILOT Agreement.

Sincerely yours,



Evette Avila
Superintendent of Schools

cc: Board of Education



Executive Director Monthly Report

Meetings/Events

- 2/23 ABG (Alliance for Business Growth Meeting) attended by ED, Chairman Crist and George
 - Main topic focused around Community Engagement for IDA/Developers
- 2/28 Meeting with Village of Montgomery Mayor Steve Brescia
- 3/1 EDC Conference, Albany NY
 - Focused on education around energy, infrastructure and site readiness
- 3/9 Conor Eckert, OC Partnership, Supervisor Feller re: Greenhouse Project
- 3/9 OC Partnership Networking Event at City Winery
 - 18 manufacturing leads, 4 hospitality leads, 8 distribution leads, 1 agribusiness lead, 2 office-space leads
- 3/14 Hudson Valley Economic Development Corporation Intro Meeting
 - Albany based, assist developers with liasoning with the legislature/advocate
 - Assist developers in finding the right partners/site selection in Hudson Valley region
- Reached out to the Superintendent & School Board President for an intro meeting, have not yet received a reply.

General Updates

- Binghamton University won a \$116 million grant to create the Koffman Southern Tier Incubator's Soft Landing Program, battery storage manufacturing and clean energy job attraction- a projected 2 billion impact on New York's economy. The grant will expand research, development, testing and workforce assets to meet the demand of the emerging battery manufacturing industry.

Business Development

- KCE Energy- still pending
- Milk Factory- they have updated their plans and will be resubmitting to SHPO, SHPO has 30 days to respond
- Project G- application in process, not yet received
- Project X- site selection in review
- 29 Grant Street- application in process, not yet received

- RDM Warehouse- Neelytown Rd- no application, however they are working to fill tenant and we will review tenants to see if they may be eligible for IDA benefits
- 18 Leonards Drive Warehouse- 80,000 sq ft- actively engaged to fill tenant and see if they may be eligible for IDA benefits
- Hawkins Drive, LLC - in conversation for several months, they expressed interest in the IDA application.



**TOWN OF MONTGOMERY
MONTGOMERY
INDUSTRIAL DEVELOPMENT AGENCY
110 BRACKEN ROAD
MONTGOMERY, NY 12549**

**Monthly Statement
1/31/2023
CORRECTION**

PUBLIC FUND MUNI (3366)

Orange Bank & Trust

Checkbook Beginning Balance from last report----- \$ 191,217.19

ADD:

CHECKS

1783	Naughton & Torre LLP---#30334-----	\$	570.00
1785	Acquisitions Marketing---2022 coverage-----	\$	200.00
1786	Naughton & Torre LLP---#30445-----	\$	1,770.00

Checking Account Balance 31-Jan-23 \$ 188,677.19

SAILFISH ESCROW ACCT (8008)

Checkbook Beginning Balance----- \$ 3,055.00

ADD

Checking Account Balance 31-Jan-23 \$ 3,055.00

KEY CAPTURE ENERGY (4109)

Checkbook Beginning Balance 31-Jan-23 \$ 2,800.00

ADD:

CHECKS

99	Naughton & Torre---Inv 30446, 1/3/2023-----	\$	160.00
9999	Naughton & Torre---Inv 30339-----	\$	600.00
			\$ 2,040.00

CITY WINERY ESCROW (4112)

Checkbook Beginning Balance 31-Jan-23 \$ 4,720.00

ADD

CHECKS

99	Naughton & Torre---Inv 30447 1/52023-----	\$	280.00
9999	Naughton & Torre---Inv 30340-----	\$	1,840.00
			\$ 2,600.00

	CURRENT 1/31/2023	LAST REPORT 12/31/2022	CHANGE
Orange Bank & Trust (3366)-----	\$ 188,677.19	\$ 191,217.19	\$ (2,540.00)
Orange Bank & Trust - Sailfish Escrow Acct (8008)-----	\$ 3,055.00	\$ 3,055.00	\$ -
Orange Bank & Trust Money Market (4593)-----	\$456,333.33	\$ 456,293.33	\$ 40.00
Orange Bank & Trust Key Capture Energy Escrow (4109)-----	\$2,040.00	\$ 2,800.00	\$ (760.00)
Orange Bank & Trust City Winery Escrow (4112)-----	\$2,600.00	\$ 4,720.00	\$ (2,120.00)
TOTAL	\$ 652,705.52	\$ 658,051.02	\$ (5,380.00)

TOWN OF MONTGOMERY INDUSTRIAL DEVELOPMENT AGENCY
TRAVEL AND DISCRETIONARY FUNDS POLICY

Adopted: April 11, 2023

1. Purpose. The Town of Montgomery Industrial Development Agency (the “Agency”) desires to establish a uniform policy regarding travel undertaken by Agency employees, officers and Board Members related to Agency business matters, and to protect against the use of discretionary funds for purposes that do not advance the Agency’s mission and public purposes. The purpose of this policy is to set forth the uniform procedures and requirements to be followed for the authorization and expenditure of funds for travel associated with the Agency’s business, and to provide for the proper use of discretionary funds.
2. Applicability. This policy applies to all Agency Board Members, officers and employees.
3. Travel
 - A. General Travel Policy. The Agency will reimburse its Board Members, employees and officers for necessary and reasonable travel expenses incurred in furtherance of the Agency’s official business subject to the presentation of appropriate documentation (“Qualified Expenses”). There is no reimbursement for travel expenses that are not related to official Agency business.
 - B. Pre-Approved Travel and Travel Related Expenses. Qualified Expenses incurred by Agency Board Members, officers or employees to be reimbursed by the Agency, using Agency funds that have been set aside for such purposes or that the Agency has available for reimbursement of travel expenses (the “Travel Budget”), must be approved in advance by the Chairman of the Agency, provided, however, that in the event of travel by the Chairman, such travel must be approved in advance by the Treasurer of the Agency. The Chairman will advise Treasurer of all approved travel requests.
 - i) The Executive Director shall continue to inform the Chairman of the status of the Travel Budget throughout the year, so that the Chairman is able to approve and/or deny travel expenses accordingly.
 - ii) The Chairman or his/her designee will assist the member, officer or employee, if desired, with arrangements for travel and the accompanying reimbursement procedures.
 - iii) Reimbursement of Qualified Expenses is subject to the substantiation and approval provisions contained within Section 3(G) hereof.
 - C. Unapproved Travel and Travel Related Expenses. Qualified Expenses that are incurred by Agency members, officers and employees who have not received prior approval

from Chairman (or, in the event of travel by the Chairman, prior approval from the Treasurer) may be submitted for reimbursement. However, if the Travel Budget does not contain adequate funds to cover the entire amount of such travel expense, full reimbursement is subject to an amendment of the Travel Budget by the Agency's members.

D. Specific Travel Expenses:

- i) Travel by Personal Vehicle/Mileage Expenses: Agency members, officers and employees will be reimbursed for use of a personal vehicle for official Agency business at the mileage reimbursement rate discussed below. Mileage shall ordinarily be computed between the Agency's Office and the traveler's destination. However, in the interest of convenience, mileage may be calculated from the traveler's residence and the traveler's destination, so long as the traveler resides within the county in which the Agency is located.
 1. The mileage reimbursement rate will be equal to the optional standard mileage rate published by the Internal Revenue Service at the time of travel. The optional standard mileage rate takes into account and is meant to compensate for all actual automobile expenses such as fuel and lubrication, towing charges, repairs, replacements, tires, depreciation, insurance, etc. Thus, charges for gasoline, oil, accessories, repairs, depreciation, anti-freeze, towing, insurance and other expenditures will not be reimbursed.
 2. Agency members and employees using personal vehicles for Agency travel will also be reimbursed for tolls, reasonable and necessary parking charges and similar expenses.
 3. Agency members and employees must wear seatbelts at all times while driving a personal vehicle for Agency events or business.
- ii) Travel by Air/Rail/Rental Car: Other transportation costs (*e.g.*, use of common carriers, rental cars, etc.) will be reimbursed on a case-by-case basis to the extent necessary. Coach class or any discounted fare shall be used in the interest of economy. The use of business or first-class or other higher cost services may be authorized only in extenuating circumstances, which extenuating circumstances shall be presented to the Agency's members in writing and approved by a majority of said members.
- iii) Subsistence Expense: Subsistence expenses incurred while traveling consists of charges for lodging, meals and incidental expenses. For trips lasting 12 hours or less, expenses for lodging, meals and incidental expenses will not be reimbursed. An exception to such prohibition will be allowed for meal expenses if the meal is an integral part of a business meeting. For trips lasting

greater than 12 hours, expenses incurred for lodging, meals and incidentals will be fully reimbursed if reasonable and if approved pursuant to this policy.

- iv) Lodging Expenses: Agency members and employees must book standard accommodations in reasonably priced hotels and motels and should always request municipal discounts or government rates. Lodging rates shall not exceed the U.S. General Services Administration (GSA) per diem rate for the location.
- v) Meals and Incidental Expenses: Agency members and employees will be reimbursed for actual and necessary meals and incidental expenses (*e.g.*, tips) up to the maximum GSA meal and incidental expenses per diem (daily rate) for the location.

E. Ineligible Expenses:

- i) Members and employees will not be reimbursed for alcohol, entertainment (*e.g.*, in-room movies, theater tickets, sight seeing, shows, night clubs, etc.), personal phone calls, parking tickets, speeding fines, laundry, valet services, personal expenses (*e.g.*, toiletries, clothing, gifts, etc.), expenses incurred by the employee's spouse, and any other non-business related expense.
- ii) The Agency does not pay or reimburse members or employees for taxes on in-state purchases and lodging charges that should not be incurred due to the Agency's tax exemption status.

F. Maximum Reimbursement Rates:

- i) The Agency adopts the federal lodging, meal and incidental expenses, and mileage guidelines as the general maximum amounts allowable for traveling members and employees. The Agency uses the GSA Rates for lodging and meal and incidental expenses reimbursement and IRS rates for mileage reimbursement.
- ii) Exceptions to Maximum Rates for Lodging and Meals:
 - 1. Any expenditure above the maximum rates for lodging and meals must have prior approval from the Chairman or Agency Board. Requests for exceptions should be made when the travel request is submitted for pre-approval.
 - 2. Exceptions to maximum lodging and meal rates may be allowed to accommodate special circumstances such as the following:
 - When the hotel hosting a conference charges a lodging rate higher than the maximum rate and paying and it is in the Agency's best interest to allow the traveler to stay at the higher rate rather than incur transportation costs to and from the conference site.
 - When lodging is not available at or below the maximum rate or lodging at the maximum rate cannot be found reasonably close to

the traveler's destination, as may occur during peak vacation periods in tourist areas or other heavily traveled areas.

- When meals are included as part of the hotel/conference fee and the traveler cannot separate the food cost from the hotel/conference price.
- When a traveler has special needs that necessitate increased expenses such as special dietary restrictions, health concerns or handicapped access.

G. Reimbursement Procedure: A travel expense voucher reporting all Qualified Expenses pertaining to a particular trip must be submitted to the Chairman and Treasurer of the Agency (or, when the travel was by the Chairman or Treasurer, to the First Vice-Chairman) within 45 days of the end of the trip.

- i) Substantiation: The travel expense voucher should include: (1) date and time of departure from and return to the Agency or traveler's residence; (2) purpose of the travel or the nature of the business benefit derived as a result of the travel; (3) whether or not the expenses incurred during the travel were preapproved; and (4) the amount of each expenditure, listed by date and location. MapQuest or similar document is required on all mileage reimbursements.
- ii) Receipts: The original of the following receipts must be submitted along with the travel expense voucher: (1) all travel tickets (i.e. airline tickets, train tickets, rental car agreement) (2) all itemized meal receipts (i.e. signed credit card slips or payment stubs); (3) all lodging receipts (i.e. hotel, motel receipts); and (4) all receipts for parking and tolls; if an original receipt cannot be located, the traveler can submit a copy of a bank statement or credit card statement in lieu of a receipt.
- iii) Final Approval: The Chairman and Treasurer shall review each travel expense voucher in order to ensure that the traveler has provided adequate substantiation and to determine whether the expenses listed therein are reasonable. The Chairman or Treasurer may require a traveler to submit additional substantiation and, if the Chairman or Treasurer finds a particular expense to be unreasonable (either as to amount or purpose), they may deny reimbursement of the expense or reduce the amount of the reimbursement for such expense. All determinations on reimbursement shall be made by the Chairman and Treasurer, except determinations regarding travel of the Chairman shall be made by the Treasurer and First Vice-Chairman and determinations regarding travel of the Treasurer shall be made by the Chairman and First Vice-Chairman.

4. Discretionary Funds

- A. General Policy. The expenditure of Agency funds must relate to an enumerated power, duty or purpose of the Agency, and shall be limited to expenditures that advance the Agency's mission and public purposes. Discretionary funds shall not be used for expenditures that are personal in nature, that would primarily benefit one or more individual Board Member, officer or employee, and/or are not necessary to advance the Agency's mission.
- B. Prior Approval. All expenditures of discretionary funds shall be approved by the Executive Director (or by the Agency Chairman or Treasurer in the case of Executive Director expenditures) prior to such expenditure and must fall within the applicable Budget allocation. The Executive Director or the Chairman or Treasurer, as the case may be, shall review the proposed use of funds and reasonably determine whether such use (i) primarily benefits the Agency as opposed to an individual Board Member, officer or employee and (ii) directly advances the mission and public purpose of the Agency. Scrutiny of all expenses will be guided by judgement relating to the relevance of such costs and the benefits which may accrue from such activities.
- C. Guidance on Certain Discretionary Expenditures.
- i) Training/Conferences – Paying the costs for Agency Board Members, Officers or employees to attend relevant training/educational programs or conferences may be an appropriate expenditure of Agency discretionary funds. All travel related expenditures shall comply with the provisions set forth above.
 - ii) Membership Dues – Membership dues paid for the Agency to belong to a professional peer organization is a permissible use of Agency funds. However, professional licensing expenses or individual membership costs for Board Members, officers and employees to belong to a professional, social or fraternal organization whereby the membership is of and the primary benefit is to, the individual rather than the Agency, shall not be a permissible Agency expenditure.
 - iii) Sponsorships & Charitable Contributions – The appropriateness of using discretionary funds on a sponsorship or charitable contribution will depend on whether such expenditure directly relates to the powers, duty and purposes of the Agency, and whether such expenditure will directly advance the Agency's core mission and purposes.
 - iv) Marketing – Expenses incurred in the course of marketing the Agency's area to new or prospective industries and businesses and developing and maintain relations with existing industries and businesses and supporting partners in the furtherance of the Agency's mission and purpose may be an appropriate expenditure of Agency discretionary funds.
 - v) Food and Beverages – With the exception of food and beverages purchased during business travel as provided herein, expenditures of food and beverages

for the personal consumption of Board Members, officers and employees shall not be considered an appropriate use of Agency discretionary funds. Provided, however, expenditures for food and beverages purchased for or during the conduct of Agency business with persons that do business with the Agency may be an appropriate expenditure of Agency discretionary funds, provided that the expense is reasonable in light of the circumstances surrounding the Agency activity and is pre- approved as set forth herein.

- D. Documentation. The Agency shall maintain records of all expenditures of discretionary funds including the receipt or similar record detailing the goods or services purchased, cost, and date of the purchase, and date of the purchase, together with documentation of prior approval and the official business explanation.

**TOWN OF MONTGOMERY INDUSTRIAL DEVELOPMENT AGENCY
DEBIT CARD POLICY**

Adopted: April 11, 2023

1. **Purpose:** It is commonplace for organizations to use credit or debit cards for the convenience of making purchases on behalf of the organization, particularly in instances where purchases can only be made via a credit or debit card as manual checks are not accepted (*i.e.*, internet purchases, conference registrations, etc.). In order to simplify the process for purchasing certain items on behalf of the Town of Montgomery Industrial Development Agency (“Agency”), the Agency adopts the following policy on the use of debit cards. The purpose of this policy is to set forth the procedures and requirements for proper use of Agency debit cards.
2. **General Policy:** The Agency, at the discretion of the Board of Directors, shall maintain a debit card account for use by Agency officers and employees, including employees of the Town of Montgomery whom have been designated to work for the Agency by contract agreement (collectively, “employees”). This policy applies to all officers and employees who are permitted to use Agency debit cards to pay for actual and necessary expenses incurred in the performance of work-related duties for the Agency.
3. **Card Type and Limit:**
 - A. The Agency shall utilize a single banking institution Agency for the issuance of no more than two (2) debit cards, which shall be the same bank where the Agency maintains its checking account.
 - B. Debit cards will be issued in the name and liability of the Town of Montgomery Industrial Development Agency.
 - C. Agency debit cards shall be linked to a dedicated debit card account that is separate from any other Agency bank account, including the Agency checking account.
 - D. The debit card account shall have a maximum balance of \$5,000.00 at all times.
4. **Authorization:**
 - A. Only authorized officers and employees shall be permitted to use Agency debit cards and have signing authority.
 - B. The following individuals have been authorized to use Agency debit cards:
 - i. Executive Director
 - ii. Treasurer
 - iii. Chairman
 - iv. Administrative Secretary
 - C. An officer or employee who is authorized to use and is issued an Agency debit card (“Cardholder”) shall be responsible for its use and shall not allow the card to be used by anyone else or for any unauthorized purchases.
 - D. The Cardholder shall complete and sign the statement attached to this Policy and submit it to the Treasurer prior to use of the Agency debit card.
 - E. The Cardholder will sign the debit card immediately upon receipt.

- F. Acceptance of the debit card by the Cardholder implies acceptance and agreement with the policies and procedures set forth in the debit card agreement.
- G. All Cardholders are authorized to view the debit card bank account online, but only the Treasurer and Chairman are authorized to approve transfers between the debit card account and Agency checking account.
- H. All Cardholders must immediately surrender the Agency debit card upon termination of employment or office. The Agency reserves the right to withhold the final payroll check and payout of any accrued leave, if applicable, until the card is surrendered.

5. Use of Card:

- A. The Agency debit card shall be used only for official business of the Agency to pay for actual and necessary expenses incurred in the performance of work-related duties for the Agency when payment by check or EFT/wire transfer is not an available or convenient option.
- B. All purchases made on the Agency's debit card must comply with the Agency's Procurement Policy and Travel and Discretionary Funds Policy.
- C. Debit card purchases shall not exceed the authorized budget for respective line item accounts unless otherwise approved by the Agency Board of Directors.
- D. The Cardholder shall present verification of the Agency's tax exemption status for all in-state purchases and lodging charges.
- E. Agency debit cards shall not be used for cash withdrawals or cashback from purchases, any personal or unauthorized expenses, or for any illegal purchases.
- F. Unauthorized or improper purchases will result in debit card revocation and discipline of the employee. Any individual who makes an unauthorized purchase with an Agency debit card shall be required to reimburse the Agency for the purchase. The Agency shall take appropriate action to recoup unauthorized or improper expenditures including recovering the amount of such unauthorized purchases from an employee's paychecks.

6. Recordkeeping and Reconciliation

- A. All debit card purchases shall be substantiated with an itemized purchase receipt detailing the goods or services purchased, cost, and date of the purchase, together with documentation of prior approval (if any) and the official business explanation.
- B. Receipts and documentation must be submitted to the Treasurer for all debit card purchases within 7 days of the purchase to reconcile against the monthly debit cards statement. Failure to submit such documentation may result in the cardholder being personally liable for the undocumented charges.
- C. At the end of each month, the Treasurer is to review the monthly debit card bank statement and reconcile it with the receipts and documentation received for that month.
 - (i) The Treasurer should determine that all purchases are supported by adequate documentation and investigate any variances.
 - (ii) If there are any unsubstantiated activities identified within the reconciliation process, the Cardholder shall notify the Treasurer in writing explaining why an invoice, receipt or prior approval was not obtained and shall certify that the debit card charge was valid and a reasonable business expense.
 - (iii) Any purchase without appropriate supporting documentation requires a detailed explanation and description and the written approval of the Treasurer (or Board Chairman in the case of Treasurer charges).

(iv) Purchases made by the Treasurer shall be reviewed and reconciled by the Board Chairman.

- D. Once the reconciliation is complete, the Treasurer (and Board Chairman in the case of Treasurer purchases) shall initial the reconciliation to show it has been completed and include a copy in the monthly Financial Report.

7. Safekeeping and Monitoring of Debit Cards

- A. The Cardholder is responsible for the physical security, protection and custody of the debit card at all times.
- B. Agency debit cards shall be kept in a secure location when not in use. After use, the debit cards shall be immediately returned to the secure location from which it was obtained.
- C. Cardholders must take proper care of Agency debit cards and shall take all reasonable precautions against damage, loss or theft. Any damage, loss or theft must be reported immediately to the Treasurer and Board Chair, and the appropriate financial institution. Failure to take proper care of debit cards or failure to report damage, loss or theft may subject the Cardholder to financial liability.
- D. The Treasurer (or Board Chairman in case of Treasurer usage) shall monitor the use of each Agency debit card and report any serious problems and/or discrepancies directly to the Agency Board of Directors.

- 8. Fraud and Abuse Reporting:** Any employee or officer that discovers potentially fraudulent, abusive or otherwise questionable debit card activity shall report activity to the Treasurer and Board Chairman. These types of transactions will be investigated upon notice and the Cardholder's account may be suspended during that investigation period.

**TOWN OF MONTGOMERY INDUSTRIAL DEVELOPMENT AGENCY
CARDHOLDER STATEMENT**

I, the undersigned, have thoroughly read, understand, and agree to adhere to the Town of Montgomery Industrial Development Agency Debit Card Policy duly adopted by the Board of Directors on April 11, 2023 as it currently exists and as it may be subsequently revised from time to time.

Print Name

Title

Date

Signature

TOWN OF MONTGOMERY INDUSTRIAL DEVELOPMENT AGENCY
TRAVEL AND DISCRETIONARY FUNDS POLICY

Adopted: April 11, 2023

1. Purpose. The Town of Montgomery Industrial Development Agency (the “Agency”) desires to establish a uniform policy regarding travel undertaken by Agency employees, officers and Board Members related to Agency business matters, and to protect against the use of discretionary funds for purposes that do not advance the Agency’s mission and public purposes. The purpose of this policy is to set forth the uniform procedures and requirements to be followed for the authorization and expenditure of funds for travel associated with the Agency’s business, and to provide for the proper use of discretionary funds.

2. Applicability. This policy applies to all Agency Board Members, officers and employees.

3. Travel
 - A. General Travel Policy. The Agency will reimburse its Board Members, employees and officers for necessary and reasonable travel expenses incurred in furtherance of the Agency’s official business subject to the presentation of appropriate documentation (“Qualified Expenses”). There is no reimbursement for travel expenses that are not related to official Agency business.

 - B. Pre-Approved Travel and Travel Related Expenses. Qualified Expenses incurred by Agency Board Members, officers or employees to be reimbursed by the Agency, using Agency funds that have been set aside for such purposes or that the Agency has available for reimbursement of travel expenses (the “Travel Budget”), must be approved in advance by the Chairman of the Agency, provided, however, that in the event of travel by the Chairman, such travel must be approved in advance by the Treasurer of the Agency. The Chairman will advise Treasurer of all approved travel requests.
 - i) The Executive Director shall continue to inform the Chairman of the status of the Travel Budget throughout the year, so that the Chairman is able to approve and/or deny travel expenses accordingly.
 - ii) The Chairman or his/her designee will assist the member, officer or employee, if desired, with arrangements for travel and the accompanying reimbursement procedures.
 - iii) Reimbursement of Qualified Expenses is subject to the substantiation and approval provisions contained within Section 3(G) hereof.

 - C. Unapproved Travel and Travel Related Expenses. Qualified Expenses that are incurred by Agency members, officers and employees who have not received prior approval

from Chairman (or, in the event of travel by the Chairman, prior approval from the Treasurer) may be submitted for reimbursement. However, if the Travel Budget does not contain adequate funds to cover the entire amount of such travel expense, full reimbursement is subject to an amendment of the Travel Budget by the Agency's members.

D. Specific Travel Expenses:

- i) Travel by Personal Vehicle/Mileage Expenses: Agency members, officers and employees will be reimbursed for use of a personal vehicle for official Agency business at the mileage reimbursement rate discussed below. Mileage shall ordinarily be computed between the Agency's Office and the traveler's destination. However, in the interest of convenience, mileage may be calculated from the traveler's residence and the traveler's destination, so long as the traveler resides within the county in which the Agency is located.
 1. The mileage reimbursement rate will be equal to the optional standard mileage rate published by the Internal Revenue Service at the time of travel. The optional standard mileage rate takes into account and is meant to compensate for all actual automobile expenses such as fuel and lubrication, towing charges, repairs, replacements, tires, depreciation, insurance, etc. Thus, charges for gasoline, oil, accessories, repairs, depreciation, anti-freeze, towing, insurance and other expenditures will not be reimbursed.
 2. Agency members and employees using personal vehicles for Agency travel will also be reimbursed for tolls, reasonable and necessary parking charges and similar expenses.
 3. Agency members and employees must wear seatbelts at all times while driving a personal vehicle for Agency events or business.
- ii) Travel by Air/Rail/Rental Car: Other transportation costs (*e.g.*, use of common carriers, rental cars, etc.) will be reimbursed on a case-by-case basis to the extent necessary. Coach class or any discounted fare shall be used in the interest of economy. The use of business or first-class or other higher cost services may be authorized only in extenuating circumstances, which extenuating circumstances shall be presented to the Agency's members in writing and approved by a majority of said members.
- iii) Subsistence Expense: Subsistence expenses incurred while traveling consists of charges for lodging, meals and incidental expenses. For trips lasting 12 hours or less, expenses for lodging, meals and incidental expenses will not be reimbursed. An exception to such prohibition will be allowed for meal expenses if the meal is an integral part of a business meeting. For trips lasting

greater than 12 hours, expenses incurred for lodging, meals and incidentals will be fully reimbursed if reasonable and if approved pursuant to this policy.

- iv) Lodging Expenses: Agency members and employees must book standard accommodations in reasonably priced hotels and motels and should always request municipal discounts or government rates. Lodging rates shall not exceed the U.S. General Services Administration (GSA) per diem rate for the location.
- v) Meals and Incidental Expenses: Agency members and employees will be reimbursed for actual and necessary meals and incidental expenses (*e.g.*, tips) up to the maximum GSA meal and incidental expenses per diem (daily rate) for the location.

E. Ineligible Expenses:

- i) Members and employees will not be reimbursed for alcohol, entertainment (*e.g.*, in-room movies, theater tickets, sight seeing, shows, night clubs, etc.), personal phone calls, parking tickets, speeding fines, laundry, valet services, personal expenses (*e.g.*, toiletries, clothing, gifts, etc.), expenses incurred by the employee's spouse, and any other non-business related expense.
- ii) The Agency does not pay or reimburse members or employees for taxes on in-state purchases and lodging charges that should not be incurred due to the Agency's tax exemption status.

F. Maximum Reimbursement Rates:

- i) The Agency adopts the federal lodging, meal and incidental expenses, and mileage guidelines as the general maximum amounts allowable for traveling members and employees. The Agency uses the GSA Rates for lodging and meal and incidental expenses reimbursement and IRS rates for mileage reimbursement.
- ii) Exceptions to Maximum Rates for Lodging and Meals:
 - 1. Any expenditure above the maximum rates for lodging and meals must have prior approval from the Chairman or Agency Board. Requests for exceptions should be made when the travel request is submitted for pre-approval.
 - 2. Exceptions to maximum lodging and meal rates may be allowed to accommodate special circumstances such as the following:
 - When the hotel hosting a conference charges a lodging rate higher than the maximum rate and paying and it is in the Agency's best interest to allow the traveler to stay at the higher rate rather than incur transportation costs to and from the conference site.
 - When lodging is not available at or below the maximum rate or lodging at the maximum rate cannot be found reasonably close to

the traveler's destination, as may occur during peak vacation periods in tourist areas or other heavily traveled areas.

- When meals are included as part of the hotel/conference fee and the traveler cannot separate the food cost from the hotel/conference price.
- When a traveler has special needs that necessitate increased expenses such as special dietary restrictions, health concerns or handicapped access.

G. Reimbursement Procedure: A travel expense voucher reporting all Qualified Expenses pertaining to a particular trip must be submitted to the Chairman and Treasurer of the Agency (or, when the travel was by the Chairman or Treasurer, to the First Vice-Chairman) within 45 days of the end of the trip.

- i) Substantiation: The travel expense voucher should include: (1) date and time of departure from and return to the Agency or traveler's residence; (2) purpose of the travel or the nature of the business benefit derived as a result of the travel; (3) whether or not the expenses incurred during the travel were preapproved; and (4) the amount of each expenditure, listed by date and location. MapQuest or similar document is required on all mileage reimbursements.
- ii) Receipts: The original of the following receipts must be submitted along with the travel expense voucher: (1) all travel tickets (i.e. airline tickets, train tickets, rental car agreement) (2) all itemized meal receipts (i.e. signed credit card slips or payment stubs); (3) all lodging receipts (i.e. hotel, motel receipts); and (4) all receipts for parking and tolls; if an original receipt cannot be located, the traveler can submit a copy of a bank statement or credit card statement in lieu of a receipt.
- iii) Final Approval: The Chairman and Treasurer shall review each travel expense voucher in order to ensure that the traveler has provided adequate substantiation and to determine whether the expenses listed therein are reasonable. The Chairman or Treasurer may require a traveler to submit additional substantiation and, if the Chairman or Treasurer finds a particular expense to be unreasonable (either as to amount or purpose), they may deny reimbursement of the expense or reduce the amount of the reimbursement for such expense. All determinations on reimbursement shall be made by the Chairman and Treasurer, except determinations regarding travel of the Chairman shall be made by the Treasurer and First Vice-Chairman and determinations regarding travel of the Treasurer shall be made by the Chairman and First Vice-Chairman.

4. Discretionary Funds

- A. General Policy. The expenditure of Agency funds must relate to an enumerated power, duty or purpose of the Agency, and shall be limited to expenditures that advance the Agency's mission and public purposes. Discretionary funds shall not be used for expenditures that are personal in nature, that would primarily benefit one or more individual Board Member, officer or employee, and/or are not necessary to advance the Agency's mission.
- B. Prior Approval. All expenditures of discretionary funds shall be approved by the Executive Director (or by the Agency Chairman or Treasurer in the case of Executive Director expenditures) prior to such expenditure and must fall within the applicable Budget allocation. The Executive Director or the Chairman or Treasurer, as the case may be, shall review the proposed use of funds and reasonably determine whether such use (i) primarily benefits the Agency as opposed to an individual Board Member, officer or employee and (ii) directly advances the mission and public purpose of the Agency. Scrutiny of all expenses will be guided by judgement relating to the relevance of such costs and the benefits which may accrue from such activities.
- C. Guidance on Certain Discretionary Expenditures.
- i) Training/Conferences – Paying the costs for Agency Board Members, Officers or employees to attend relevant training/educational programs or conferences may be an appropriate expenditure of Agency discretionary funds. All travel related expenditures shall comply with the provisions set forth above.
 - ii) Membership Dues – Membership dues paid for the Agency to belong to a professional peer organization is a permissible use of Agency funds. However, professional licensing expenses or individual membership costs for Board Members, officers and employees to belong to a professional, social or fraternal organization whereby the membership is of and the primary benefit is to, the individual rather than the Agency, shall not be a permissible Agency expenditure.
 - iii) Sponsorships & Charitable Contributions – The appropriateness of using discretionary funds on a sponsorship or charitable contribution will depend on whether such expenditure directly relates to the powers, duty and purposes of the Agency, and whether such expenditure will directly advance the Agency's core mission and purposes.
 - iv) Marketing – Expenses incurred in the course of marketing the Agency's area to new or prospective industries and businesses and developing and maintain relations with existing industries and businesses and supporting partners in the furtherance of the Agency's mission and purpose may be an appropriate expenditure of Agency discretionary funds.
 - v) Food and Beverages – With the exception of food and beverages purchased during business travel as provided herein, expenditures of food and beverages

for the personal consumption of Board Members, officers and employees shall not be considered an appropriate use of Agency discretionary funds. Provided, however, expenditures for food and beverages purchased for or during the conduct of Agency business with persons that do business with the Agency may be an appropriate expenditure of Agency discretionary funds, provided that the expense is reasonable in light of the circumstances surrounding the Agency activity and is pre- approved as set forth herein.

- D. Documentation. The Agency shall maintain records of all expenditures of discretionary funds including the receipt or similar record detailing the goods or services purchased, cost, and date of the purchase, and date of the purchase, together with documentation of prior approval and the official business explanation.



Executive Director Report

This report highlights the ideas, efforts and actions taken by executive staff since the last MIDA Board meeting on March 21, 2023.

Key Actions:

- 3/29- Valley Central School District Meeting with Superintendent Avila and Board President Joseph Bond
- 2022 PARIS report for IDA and CRC completed and certified
- 4/10 Introductory call with Habitat for Humanity Executive Director of Greater Newburgh, Jill Marie

Business Development:

- 3/23- Met with Yellow Freight (they operate the Newburgh/Beacon Ferry System) regarding property in the Village of Maybrook that is under Village Planning Board (for the easement request we received) (SBL # 30-1-27.21, 58.2, 34.43.21) potentially looking at converting to a business park and or recreational park.
- 3/23- Conference Call with Bayware 8-10 acres at landfill site, may not need to go through Planning Board but just Town Board, they would pay \$600,000/year to lease and still would like to pursue a PILOT. They are looking at around 200 megawatts also.
- 29 Grant Street Application almost done and anticipate to have them on our agenda for our May 9 meeting