

**ALLEGANY COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF
ALLEGANY COUNTY, NEW YORK**

**REPORT ON AUDITED
FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2025

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Allegany County Industrial Development Agency
Belmont, New York

Opinion

We have audited the accompanying financial statements of the ***Allegany County Industrial Development Agency*** and its component units, Allegany County Capital Resource Corporation, Allegany Crossroads Utility Corporation, and Allegany County Local Development Corporation (collectively, component units of Allegany County, New York), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the ***Allegany County Industrial Development Agency*** and its component units as of December 31, 2025 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the 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 ***Allegany County Industrial Development Agency*** and its component units' 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Allegany County Industrial Development Agency** and its component units' 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 **Allegany County Industrial Development Agency** and its component units to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited **Allegany County Industrial Development Agency's** and its component units' December 31, 2024 financial statements and our report dated March 13, 2025, expressed an unmodified opinion on the respective financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Sale/Leaseback Projects but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other 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 23, 2026, on our consideration of **Allegany County Industrial Development Agency** and its component units' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Allegany County Industrial Development Agency** and its component units' 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 **Allegany County Industrial Development Agency** and its component units' internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
March 23, 2026**

**ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

I. Discussion and Analysis

The following is a discussion and analysis of the *Allegany County Industrial Development Agency* financial performance for the year ended December 31, 2025. This section is a summary of the Agency's financial activities based on currently known facts, decisions, or conditions. It is based on the financial statements. The results of the current year in comparison with the prior year are discussed in the following paragraphs. This section is only an introduction and should be read in conjunction with the Agency's financial statements, which follow this section.

II. Financial Highlights

The following items are the financial highlights experienced by the *Allegany County Industrial Development Agency* during the year ended December 31, 2025:

- Overall net position of the Agency increased approximately \$77,000 and \$4,627,000 during the years ended December 31, 2025 and 2024, respectively.
- The Agency's total support and revenue was approximately \$793,000 during 2025 as compared with approximately \$5,166,000 during 2024. This decrease was primarily due to a decrease in fee revenues related to development projects.
- The Agency's total expenses and other uses were approximately \$716,000 during 2025 as compared to approximately \$526,000 during 2024. This increase was primarily the result of costs associated with creating a new Assistant Executive Director position and increases in utilities. These increases were partially offset by a decrease in interest expense.
- The Agency had approximately \$2,000 of capital purchases during the current year for improvements to the building. The Agency had approximately \$14,000 of capital purchases during the prior year. The Agency sold the Crossroads Commerce Center during 2025 resulting in a gain on sale of approximately \$111,000.

III. Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information.

A. Reporting the Agency as a Whole (Government-wide Financial Statements):

The government-wide statements report information about the entity as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 7) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the Agency. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are designated for certain purposes or reserved for emergencies and cash flow purposes. Some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 8) shows the amounts of program-specific and general Agency revenue used to support the Agency's various functions.

The two government-wide statements report the Agency's net position and how they have changed. Net position – the difference between the Agency's assets and liabilities – is one way to measure the Agency's financial health or position. Over time, increases or decreases in the Agency's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the Agency's overall health, you need to consider additional non-financial factors.

**ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

IV. Financial Analysis of the Agency as a Whole

Net Position

The Agency's total net position totaled approximately \$5,803,000 as of December 31, 2025.

Revenue

The Agency's total revenue and other sources were approximately \$793,000 during the year ended December 31, 2025.

Figure A-3 presents the major sources of revenue of the Agency. The most significant sources of governmental revenue in the Agency are more thoroughly discussed as follows:

- Rental income which represents approximately 12% of the Agency's total revenue decreased approximately 45% during the year ended December 31, 2025 due to the sale of the Crossroads Commerce Center further discussed in Note 2.
- Revenue from application fees decreased approximately \$4,497,000 during the current fiscal year. This decrease is primarily related to decreases in fees related to development projects. In 2024, the Agency recognized revenue related to a significant windfarm.
- During 2025, the Agency entered into a EPA Brownfields Assessment Cooperative Agreement and recognized revenues of approximately \$43,000 for administering this agreement.
- During 2025, the Agency invested in certificates of deposit which earned approximately \$44,000 in interest revenue during the year.
- During 2025, the Agency sold its Crossroads Commerce Center and recorded a gain on the sale of approximately \$111,000. As part of the sale agreement, the Agency was charged approximately \$42,000 in utilities costs and the buyer was credited approximately \$83,000 in rent during the year.
- The Agency received \$150,000 during the current and prior year related to an economic development service agreement with Allegany County.

**IV. Financial Analysis of the Agency as a Whole
(continued)**

Expenses (continued)

Expenses

The total cost of all programs and services of the Agency was approximately \$716,000. The Agency's expenses consist primarily of occupancy expenses, payroll expenditures, depreciation, interest expense, professional fees and general and administrative expenses.

The Agency's expenses are more thoroughly discussed as follows:

- The Agency's total costs were approximately \$716,000 during the year ended December 31, 2025 as compared with \$526,000 during the year ended December 31, 2024.
- The Agency's waterline costs were approximately \$35,000 during the year ended December 31, 2025 as compared with \$32,000 during the year ended December 31, 2024.
- The Agency's utility costs were approximately \$86,000 during the year ended December 31, 2025 as compared with \$38,000 during the year ended December 31, 2024. The Agency sold its Crossroads Commerce Center during 2025 and as part of the sale was charged approximately \$42,000 for utilities costs incurred in prior years.
- During 2025, the Agency's salaries and benefits totaled approximately \$136,000. The Agency started paying employees in May 2025. Prior to May 2025, these individuals were paid contractually.
- The Agency's interest expense was approximately \$58,000 during the year ended December 31, 2025 as compared with \$81,000 during the year ended December 31, 2024.
- All other costs of the Agency totaled \$401,000 in 2025 as compared with \$375,000 in 2024. This increase was primarily the result of charges associated with the sale of the building.

Pass-through Transactions

- During 2025 and 2024, pass-through transactions totaled approximately \$327,000 and \$665,000, respectively. The Agency received Community Development Block Grants from Allegany County that were passed through to other agencies in the amount of approximately \$267,000 and \$593,000 during the years ended December 31, 2025 and 2024, respectively. During the years ended December 31, 2025 and 2024, the Agency received PILOT payments in the amounts of approximately \$60,000 and \$73,000, respectively, which were passed through to Allegany County.

**ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Figure A-1 – Statements of Net Position

Allegany County Industrial Development Agency			
Statements of Net Position			
	Total Government-wide		
	2025	2024	% Change
Assets			
Current	\$ 5,659,546	\$ 3,420,951	65%
Capital assets, net	2,380,554	3,315,305	-28%
Other assets	954,844	3,149,838	-70%
Total assets	\$ 8,994,944	\$ 9,886,094	-9%
Liabilities			
Current liabilities	\$ 131,032	\$ 124,993	5%
Long-term liabilities	3,060,760	4,034,919	-24%
Total liabilities	3,191,792	4,159,912	-23%
Net position			
Net investment in capital assets	130,469	970,220	-87%
Unrestricted	5,672,683	4,755,962	19%
Total net position	5,803,152	5,726,182	1%
Total liabilities and net position	\$ 8,994,944	\$ 9,886,094	-9%

Figure A-2 Statements of Activities

Allegany County Industrial Development Agency			
Statements of Activities			
	Total Government-wide		
	2025	2024	% Change
Revenue			
Application & administration fees	\$ 210,016	\$ 4,706,790	-96%
Water charges	29,781	26,671	12%
Rental income	97,559	177,954	-45%
Gain on sale of asset	110,756	--	n/a
Other income	3,280	5,062	-35%
Interest income	120,944	82,670	46%
Economic Development Services Agreement	150,000	150,000	n/a
EPA Brownfield assessment grant	43,174	--	n/a
Interfund transfers	27,716	16,382	69%
Total revenue	793,226	5,165,529	-85%
Expenses			
Payroll and benefits - in-kind	135,633	--	n/a
Waterline	35,131	31,845	10%
Utilities	85,860	38,467	123%
Cleaning	20,958	20,411	3%
Maintenance	26,474	18,630	42%
Legal and professional	190,379	188,874	1%
Interest expense	57,800	80,880	-29%
Office expenses	5,812	1,849	214%
Meeting expenses	5,166	--	n/a
Taxes	355	808	-56%
Depreciation	94,136	93,334	1%
Advertising	1,935	500	287%
Insurance	22,813	20,822	10%
Loss on disposal of equipment	--	11,325	n/a
Miscellaneous	2,494	1,982	26%
Interfund transfers	27,716	16,382	69%
	716,256	526,109	36%
Change in net position	76,970	4,639,420	-98%
Pass-through transactions			
Revenue	326,740	652,705	-50%
Expenditures	(326,740)	(665,205)	-51%
Net pass-through transactions	--	(12,500)	n/a
Change in net position	\$ 76,970	\$ 4,626,920	-98%

Figure A-3 Sources of Revenue

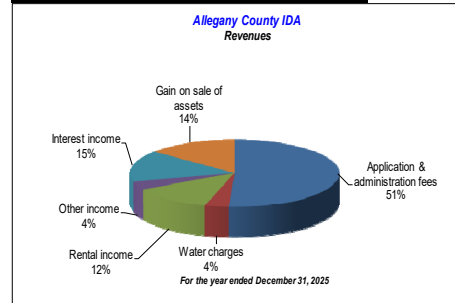
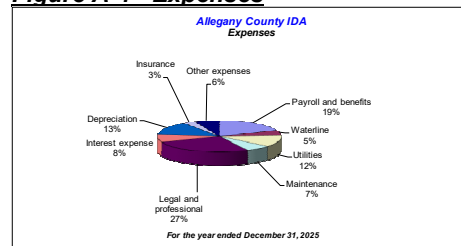


Figure A-4 - Expenses



V. Component Units

Allegany County Capital Resource Corporation

In August 2009, Allegany County approved formation of a non-profit organization under the name of Allegany County Capital Resource Corporation (ACCRC). ACCRC is a legally separate entity from the Agency. Members of the separate board are the same as the Agency board. This entity has the ability to provide such financing to non-profit organizations.

Net Position

The Allegany County Capital Resource Corporation's total net position was approximately \$314,000 as of December 31, 2025.

Revenue

The Allegany County Capital Resource Corporation reported approximately \$9,000 in revenue for the year ended December 31, 2025. This revenue was associated with interest income.

Expenses

The Allegany County Capital Resource Corporation reported approximately \$1,000 of expenses for the year ended December 31, 2025 related to bank charges, office supplies and legal and professional fees during the year.

**ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

V. Component Units (continued)

Allegany Crossroads Utility Corporation

In 2017, the Agency formed a corporation under the name of Allegany Crossroads Utility Corporation (ACUC) to provide water utility development and service. ACUC is a legally separate entity from the Agency.

Net Position

The Allegany Crossroads Utility Corporation's total net position was approximately \$0 as of December 31, 2025.

Revenue

Allegany Crossroads Utility Corporation approximately reported \$51,000 and \$43,000 as revenue for the years ended December 31, 2025 and 2024, respectively, which increased due to an increase in the revenue for use of the waterline. Current year revenue includes approximately \$30,000 of utility revenue for use of the waterline.

Expenses

Allegany Crossroads Utility Corporation reported approximately \$51,000 and \$43,000 of expenses for the years ended December 31, 2025 and 2024, respectively. The increase was due to an increase in usage costs in the current year.

Allegany County Local Development Corporation

Allegany County approved the formation of the Allegany County Local Development Corporation (ACLDC) in 2024 with approvals of official formation by the state granted in 2025. ACLDC is a legally separate entity from the Agency. The corporation will be supporting the Agency on economic development including starting a low interest loan program. The Agency provided seed funding in the amount of \$15,000 during 2025. These funds were utilized to pay for contracted services which were included in the Allegany County Industrial Development Agency's Statements of Activities. ACLDC plans to begin providing loans in 2026.

VI. Capital Asset and Debt Administration

Capital Assets

As depicted in Figure A-5, as of December 31, 2025, the Agency had invested approximately \$2,381,000 in a broad range of capital assets, including improvements, vehicles and furniture and equipment. There were approximately \$2,000 of capital purchases during the year ended December 31, 2025.

During 2025, the Agency sold a building and recorded a gain on the sale of approximately \$111,000. The net proceeds from the sale were approximately \$915,000. Land and construction-in-process associated with development of 5884 County Road, Belmont, New York are classified as property held for resale. Property held for resale totaled \$544,915 as of December 31, 2025.

VI. Capital Asset and Debt Administration (continued)

Long-term Debt

As depicted in Figure A-6, as of December 31, 2025, the Agency had approximately \$2,795,000 in long-term debt, a decrease of approximately 3% as compared with the previous year. This decrease was due to scheduled debt payments.

Figure A-5 – Capital Assets

<i>Allegany County Industrial Development Agency</i>			
Capital Assets			
	2025	2024	Change
Land	\$ --	\$ 16,704	-100%
Building and improvements	661,482	2,126,469	-69%
Waterline	2,078,240	2,078,240	n/a
Equipment	--	17,659	-100%
Accumulated depreciation	(359,168)	(923,767)	-61%
Capital Assets - net	\$ 2,380,554	\$ 3,315,305	-28%

Figure A-6 – Long-term Debt

<i>Allegany County Industrial Development Agency</i>			
Long-term debt			
	2025	2024	Change
Bond payable - infrastructure	\$ 2,795,000	\$ 2,890,000	-3%
Long-term debt	\$ 2,795,000	\$ 2,890,000	-3%

VII. Factors Bearing on the Agency's Future

At the time these financial statements were prepared and audited, the Agency was not aware of any existing circumstances that could significantly affect its financial health in the future.

During 2024, the Allegany County Local Development Corporation (ACLDC) was created for the purpose of extending low interest loans to businesses in Allegany County. ACLDC plans to begin providing loans in 2026.

VIII. Contacting the Agency's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the Agency and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Attention: Mr. Craig Clark, Executive Director
Allegany County Industrial Development Agency
6087 State Route 19N
Belmont, New York 14813

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF NET POSITION

As of December 31,

	2025				2024	
	Component Units					
	Allegany County Industrial Development Agency	Capital Resource Corporation	Allegany Crossroads Utility Corporation	Total	Total	Total
Assets						
Current						
Cash	\$ 1,250,990	\$ 53,516	\$ 8,791	\$ 1,313,297	\$ 1,596,750	\$ 1,596,750
Certificate of deposit	1,294,547	260,020	--	1,554,567	250,768	250,768
Due from component unit	1,746	--	--	1,746	1,568	1,568
Other receivable - current portion	2,760,000	--	649	2,760,649	1,405,841	1,405,841
Lease receivable - current portion	27,028	--	--	27,028	163,765	163,765
Prepaid expenses	2,259	--	--	2,259	2,259	2,259
Total current assets	5,336,570	313,536	9,440	5,659,546	3,420,951	3,420,951
Capital assets, net	2,380,554	--	--	2,380,554	3,315,305	3,315,305
Other assets						
Other receivable - long-term portion	--	--	--	--	1,380,000	1,380,000
Lease receivable - long-term portion	409,707	--	--	409,707	1,224,701	1,224,701
Property held for resale	544,915	--	--	544,915	544,915	544,915
Security deposits	222	--	--	222	222	222
Total other assets	954,844	--	--	954,844	3,149,838	3,149,838
Total assets	\$ 8,671,968	\$ 313,536	\$ 9,440	\$ 8,994,944	\$ 9,886,094	\$ 9,886,094
Liabilities and Net Position						
Current liabilities						
Accounts payable	\$ 2,505	\$ --	\$ 7,694	\$ 10,199	\$ 16,425	\$ 16,425
Due to component unit	--	--	1,746	1,746	1,568	1,568
Security deposits	12,000	--	--	12,000	12,000	12,000
Accrued expenses	7,087	--	--	7,087	--	--
Bond payable - current portion	100,000	--	--	100,000	95,000	95,000
Total current liabilities	121,592	--	9,440	131,032	124,993	124,993
Long-term liabilities						
Bond payable - long-term portion	2,695,000	--	--	2,695,000	2,795,000	2,795,000
Total long-term liabilities	2,695,000	--	--	2,695,000	2,795,000	2,795,000
Total liabilities	2,816,592	--	9,440	2,826,032	2,919,993	2,919,993
Deferred inflows of resources	365,760	--	--	365,760	1,239,919	1,239,919
Total liabilities and deferred inflows of resources	3,182,352	--	9,440	3,191,792	4,159,912	4,159,912
Net position						
Net investment in capital assets	130,469	--	--	130,469	970,220	970,220
Unrestricted	5,359,147	313,536	--	5,672,683	4,755,962	4,755,962
Total net position	5,489,616	313,536	--	5,803,152	5,726,182	5,726,182
Total liabilities and net position	\$ 8,671,968	\$ 313,536	\$ 9,440	\$ 8,994,944	\$ 9,886,094	\$ 9,886,094

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF ACTIVITIES

Years ended December 31,

	2025			2024	
	Component Units				
	Allegany County Industrial Development Agency	Capital Resource Corporation	Allegany Crossroads Utility Corporation	Total	Total
Support and revenue					
Fees	\$ 210,016	\$ --	\$ --	\$ 210,016	\$ 4,706,790
Water charges	--	--	29,781	29,781	26,671
Rental income	97,559	--	--	97,559	177,954
Gain on sale of assets	110,756	--	--	110,756	--
Other income	3,280	--	--	3,280	11,863
Interest income	111,692	9,252	--	120,944	75,869
Economic development services agreement	150,000	--	--	150,000	150,000
EPA Brownfield assessment grant	43,174	--	--	43,174	--
Transfer from component units	6,000	--	21,716	27,716	16,382
Total support and revenue	732,477	9,252	51,497	793,226	5,165,529
Expenses					
Payroll and benefits	135,633	--	--	135,633	--
Waterline	--	--	35,131	35,131	31,845
Utilities	85,860	--	--	85,860	38,467
Cleaning	20,958	--	--	20,958	20,411
Maintenance	26,474	--	--	26,474	18,630
Legal and professional	187,159	--	3,220	190,379	188,874
Interest expense	57,800	--	--	57,800	80,880
Office expenses	4,497	772	543	5,812	1,849
Meeting expenses	5,166	--	--	5,166	--
Taxes	325	--	30	355	808
Depreciation	94,136	--	--	94,136	93,334
Travel	3,594	--	--	3,594	--
Advertising	1,935	--	--	1,935	500
Insurance	16,240	--	6,573	22,813	20,822
Loss on disposal of equipment	--	--	--	--	11,325
Miscellaneous	2,494	--	--	2,494	1,982
Transfer to component units	21,716	--	6,000	27,716	16,382
Total expenses	663,987	772	51,497	716,256	526,109
Change in unrestricted net position before pass-through transactions	68,490	8,480	--	76,970	4,639,420
Pass-through transactions					
Revenue	326,740	--	--	326,740	652,705
Expenditures	(326,740)	--	--	(326,740)	(665,205)
Net pass-through transactions	--	--	--	--	(12,500)
Change in unrestricted net position	68,490	8,480	--	76,970	4,626,920
Net position, beginning of year	5,421,126	305,056	--	5,726,182	1,099,262
Net position, end of year	\$ 5,489,616	\$ 313,536	\$ --	\$ 5,803,152	\$ 5,726,182

See accompanying independent auditor's report and notes to the financial statements.

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS

Page 9

Years ended December 31,

	2025			2024	
	Component Units				
Allegany County Industrial Development Agency	Capital Resource Corporation	Allegany Crossroads Utility Corporation	Total	Total	
Net cash from operating activities					
Reconciliation of increase in unrestricted net position to net cash provided by operating activities:					
Increase (decrease) in unrestricted net position	\$ 68,490	\$ 8,480	\$ --	\$ 76,970	\$ 4,626,920
Adjustments for items not affecting cash flows:					
Depreciation	94,136	--	--	94,136	93,334
(Gain) loss on (sale) disposal of assets	(110,756)	--	--	(110,756)	11,325
Change in deferred inflows of resources	(172,992)	--	--	(172,992)	(172,992)
Costs of sale credited to buyer at closing	124,868	--	--	124,868	--
Change in assets and liabilities					
Due from component unit (to ACIDA)	(178)	--	178	--	--
Other receivables	24,800	--	392	25,192	(2,763,752)
Accounts payable	(6,090)	--	(136)	(6,226)	7,190
Accrued expenses	7,087	--	--	7,087	--
Net cash provided by operating activities	29,365	8,480	434	38,279	1,802,025
Net cash from investing activities					
Net purchase of certificate of deposit	(1,294,547)	(9,252)	--	(1,303,799)	(250,768)
Collection of lease receivable	163,765	--	--	163,765	155,809
Proceeds from sale of Crossroads Commerce Center, net	915,132	--	--	915,132	--
Purchases of equipment	(1,830)	--	--	(1,830)	(14,203)
Net cash used in investing activities	(217,480)	(9,252)	--	(226,732)	(109,162)
Net cash from financing activities					
Repayment of long-term debt	(95,000)	--	--	(95,000)	(595,779)
Net cash used in financing activities	(95,000)	--	--	(95,000)	(595,779)
Change in cash	(283,115)	(772)	434	(283,453)	1,097,084
Cash, beginning balance	1,534,105	54,288	8,357	1,596,750	499,666
Cash, ending balance	\$ 1,250,990	\$ 53,516	\$ 8,791	\$ 1,313,297	\$ 1,596,750
Supplemental Disclosure of Cash Flow Information:					
Cash paid during the year for:					
Interest	\$ 57,800	\$ --	\$ --	\$ 57,800	\$ 80,880

See accompanying independent auditor's report and notes to the financial statements.

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Page 10

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Allegany County Industrial Development Agency was created in 1973 by the Allegany County Board of Legislators under the provisions of the 1973 Laws of New York State for the purpose of encouraging economic growth in Allegany County. The Agency is exempt from federal, state, and local income taxes. The Agency, although established by the Allegany County Board of Legislators, is a separate legal entity and operates independently of Allegany County, however, it is considered to be a component unit of the County.

Allegany County Capital Resource Corporation (ACCRC)

In July 2009, the Agency formed a non-profit organization under the name of Allegany County Capital Resource Corporation. This entity has the ability to provide such financing to non-profit organizations. ACCRC is a legally separate entity from the Agency.

Allegany Crossroads Utility Corporation (ACUC)

In 2017, the Agency formed a corporation under the name of Allegany Crossroads Utility Corporation to provide water utility development and service. In 2020, the entity began providing water utility services to customers. ACUC is a legal separate entity from the Agency.

Allegany County Local Development Corporation (ACLDC)

In November 2024, the Agency formed a corporation under the name of Allegany County Local Development Corporation to provide loans to businesses in Allegany County. The Agency anticipates issuing its first loan in 2026. ACLDC is a legal separate entity from the Agency.

Basis of Accounting

The financial statements of the ***Allegany County Industrial Development Agency***, Allegany County Capital Resource Corporation, Allegany Crossroads Utility Corporation and the Allegany County Local Development Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Donated Services

Amounts have been reflected in the statements for the estimated value of donated services.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those results.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, the Agency considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Bank balances are collateralized through the Federal Deposit Insurance Corporation. As of December 31, 2025, the Agency's had an uninsured cash balance of approximately \$1,000,000.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of 7 and 40 years. It is the Agency's policy to capitalize assets purchased that cost \$1,000 or more individually.

Revenue Recognition

The Agency receives administration fees of 1% of a project's total capital investment on projects the Agency negotiates. Revenue is recognized once the agreement with the third party has been earned.

Customers are billed based on water usage. Revenue is recognized based upon water billings which are done quarterly.

Lease Receivable

During 2025 and 2024, the Agency was a lessor for five tenant leases. The Agency recognized a lease receivable and deferred inflows of resources. At the commencement of the lease, the Authority measured the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. On December 30, 2025, the Crossroads Commerce Center the Agency leased to four tenants was sold. The Agency will be a lessor for one tenant lease after this date.

Deferred Inflows of Resources

The Statement of Net Position reports a separate section for deferred inflows of resources in addition to liabilities. Deferred inflows of resources reflects revenues that relate to future periods and is related to lease revenue which is recognized over the term of the leases on a straight-line basis.

Tax Lease Program

The Agency maintains tax lease and PILOT (payment in lieu of tax) programs. These programs are offered to companies who acquire, construct or substantially renovate facilities suitable for manufacturing, warehousing, research and development and other industrial purposes. Under the tax lease program, title to the property is conveyed to the Agency through the term of the lease agreement. Transfer of title removes the property from the tax rolls and the project assumes a tax-exempt nature, abating real property taxes, sales tax and mortgage taxes. A lease is written between the company as lessee and the ***Allegany County Industrial Development Agency*** as lessor, which specifies that the company will retain operational control of the project. At the end of the lease term, title to the assets is returned to the company. The Agency does not record assets acquired under the lease program since the Agency's primary function is to provide state and local tax benefits to the lessee. The Agency receives lease administrative fees from the lessee for providing the service.

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Lease Program (continued)

Both the PILOT and tax lease programs are governed by New York State statute. The Agency has the local authority to offer real property tax abatement as an inducement for industrial development projects. The Agency can affix the tax abatement discount at a rate necessary to satisfactorily complete a project. Under special circumstances defined by NYS statute, the Agency has the authority to also provide real property tax abatement to both commercial and/or retail projects located within areas designated to be of high distress. The Agency's current standard PILOT program is a real property tax abatement of an average of 50% of the total tax liability over a period not to exceed ten years. The PILOT agreement is the instrument by which the discounted tax payments to be made are structured. All taxing jurisdictions receive payments in the same proportion as if the entire tax amount were paid. A PILOT agreement and tax lease can run concurrently but are not required to be used together. It is possible to structure a PILOT without an accompanying tax lease agreement.

As described in Note 10, during the years ended December 31, 2025 and 2024, there were \$60,111 and \$72,664 PILOT payments disbursed by the Agency, respectively.

Industrial Development Revenue Bonds/Civic Facility Bonds

Industrial development revenue bonds issued by the Agency are secured by the properties which are leased to companies and are retired by lease payments. Civic facility bonds issued by the Agency include facilities owned or operated by New York State Not-for-Profit Corporations. The industrial development revenue and civic facility bonds are not obligations of the Agency, County, or State. The Agency does not record the assets or liabilities resulting from bond issuance in its financial statements since its primary function is to arrange the financing between the borrowing companies and the bondholders and funds arising from the issuance are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administrative fees from the borrowing companies. Such administrative fee income is recognized immediately upon receipt after issuance of the bonds and is recognized in Capital Resource Corporation.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentations.

NOTE 2 - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Land	\$ -	\$ 16,704
Building and improvements	661,482	2,126,469
Furniture and equipment	-	17,659
Waterline	2,078,240	2,078,240
	<u>2,739,722</u>	<u>4,239,072</u>
Less: accumulated depreciation	359,168	923,767
	<u>\$ 2,380,554</u>	<u>\$ 3,315,305</u>

NOTE 2 - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for the years December 31, 2025 and 2024 totaled \$94,136 and \$93,334, respectively.

On December 30, 2025, the Agency sold the Crossroads Commerce Center located at 6087 State Route 19 N, Belmont, New York. Net proceeds from the sale were approximately \$915,000 and a gain on sale was recognized totaling approximately \$111,000.

NOTE 3 - PROPERTY HELD FOR RESALE

On January 10, 2012, *Allegany County Industrial Development Agency* purchased 18.5 acres of land located at 5884 County Road 20, Belmont, New York for \$286,500 and improvement costs of \$196,415. The intended use of the land is for potential future site development. The purchase of the 5884 County Road 20 land, improvements and property were funded from proceeds received from the issuance of a \$3.5 million bond.

During the year ended December 31, 2016, *Allegany County Industrial Development Agency* purchased a truck stop and land adjacent to the 5884 County Road 20 land in the amount of \$399,000. During May, 2020, the truck stop and 5.93 acres of the 10.06 acres of land was transferred to a third-party for \$1. The remaining land held for resale related to this property totaled \$62,000 as of December 31, 2025 and 2024.

NOTE 4 - LONG-TERM DEBT

Bonds Payable

On February 1, 2012, Allegany County Industrial Development Agency entered into a bond purchase and disbursing agreement with Allegany County. Allegany County issued a Series 2012A bond in the amount of \$3.5 million with interest at 2%. The bond matures on February 1, 2047. The net proceeds of \$3,453,280 (after bond issuance costs of \$46,720) were utilized for the acquisition of an interest in various parcels of land along Route 20 in the towns of Friendship and Amity and the construction of water, sewer, and other related infrastructure. Proceeds have also been used to pay down annual debt service costs on the bond issuance. The balance outstanding as of December 31, 2025 and 2024 was \$2,795,000 and \$2,890,000, respectively. Interest expense for the years ended December 31, 2025 and 2024 totaled \$57,800 and \$59,700, respectively.

The following schedule represents the maturity of the bond over its terms:

	<u>Principal</u>	<u>Interest</u>
2026	\$ 100,000	\$ 55,900
2027	110,000	53,900
2028	100,000	51,700
2029	105,000	49,700
2030	110,000	47,600
2031-2035	585,000	204,100
2036-2040	655,000	142,800
2041-2045	720,000	74,700
2046-2047	310,000	19,300
Total	<u>\$ 2,795,000</u>	<u>\$ 699,700</u>

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 5 - LEASES

The Agency leased office space at the Crossroads Commerce Center in Belmont, New York to tenants under various lease agreements. The two most significant leases were with Allegany County which were renewed during 2021 for the period from January 1, 2021 through December 31, 2025. Both leases had the option to renew. One lease was for 8,000 square feet of space for the Allegany County Department of Aging, Veterans Services and NY Connects and called for monthly payments of \$8,700, while the other lease was for 5,275 square feet of space for the Allegany County Tourism Center and Conference Center and called for monthly payments of \$5,800. One additional lease was for 750 square feet of space for the Allegany County Area Foundation. The Agency had a parking lot lease agreement with Allegany County for the parking lot located at the Crossroads Commerce Center in Belmont, New York for the period from January 1, 2016 through December 31, 2040 in which the County would pay \$10 per year.

Each of the above leases were terminated upon sale of the Crossroads Commerce Center on December 30, 2025.

The Agency leases property and equipment at 2475 Tarantine Boulevard Wellsville, New York to a third party for the period from January 1, 2018 through December 31, 2037 and calls for a yearly payment of \$50,000.

The Agency's lease receivable is measured at the present value of lease payments expected to be received during the lease terms discounted by the rate held on the loans obtained to purchase the leased properties which ranges from 4.75%-5.26% for each lease. The deferred inflows of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources is amortized on a straight-line basis over the term of the lease.

The lease receivable and deferred inflows of resources were reduced in the current year as a result of the sale of the Crossroads Commerce Center.

During the years ended December 31, 2025 and 2024, the Agency recognized \$97,559 and \$177,954 of lease revenue and \$67,145 and \$75,101 of lease interest revenue.

The following schedule represents the future minimum lease payments:

	Rent Receivable	Interest	Total Payments	Deferred inflows of resources
2026	\$ 27,028	\$ 22,972	\$ 50,000	\$ 30,480
2027	28,449	21,551	50,000	30,480
2028	29,946	20,054	50,000	30,480
2029	31,521	18,479	50,000	30,480
2030	33,179	16,821	50,000	30,480
2031-2035	193,983	56,017	250,000	152,400
2036-2037	92,629	7,371	100,000	60,960
Total	\$436,735	\$163,265	\$600,000	\$365,760

NOTE 6 – CERTIFICATE OF DEPOSIT

The Allegany County Capital Resource Corporation obtained a seven-month \$250,000 certificate of deposit in November 2024 with an interest rate of 3.73%. This certificate of deposit matured in June 2025 and Allegany County Capital Resource Corporation invested the proceeds in a seven-month \$255,475 certificate of deposit with an interest rate of 3.54% and matures in February 2026.

The Agency obtained a six-month \$625,000 certificate of deposit in January 2025 with an interest rate of 3.85% and invested the proceeds in a six-month \$637,114 certificate of deposit with an interest rate of 3.75%. This certificate of deposit matures in January 2026.

The Agency also obtained a twelve-month \$625,000 certificate of deposit in January 2025 with an interest rate of 3.65% which matures in January 2026.

NOTE 7 – NET INVESTMENT IN CAPITAL ASSETS

The following schedule represents the calculation of net investment in capital assets as of December 31:

	<u>2025</u>		<u>2024</u>	
Capital assets, net	\$	2,380,554	\$	3,315,305
Property held for resale		544,915		544,915
Bond payable		(2,795,000)		(2,890,000)
Total	\$	130,469	\$	970,220

NOTE 8 – INTERCOMPANY TRANSACTIONS

As of December 31, 2025 and 2024, Allegany County Industrial Development Agency had amounts due from/(to) Allegany Crossroads Utility Corporation of \$1,746 and \$1,568, respectively, related to expenses paid for/(to) by the Agency on behalf of ACUC. During the years ended December 31, 2025 and 2024, Allegany County Industrial Development Agency transferred \$21,716 and \$16,382, respectively, to ACUC to subsidize operations and ACUC transferred \$6,000 to Allegany County Industrial Development Agency related to contracted services provided by the Agency.

NOTE 9 – ECONOMIC DEVELOPMENT SERVICE AGREEMENT

On January 23, 2023, the Agency entered into a three year agreement with Allegany County which calls for the County to pay the Agency \$150,000 per calendar year (not to exceed \$150,000 per calendar year) during the contract which expires December 31, 2025. During the years ended December 31, 2025 and 2024, the Agency recognized \$150,000 and \$150,000, respectively of income on the Statements of Activities, respectively.

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 10 - PASS-THROUGH TRANSACTIONS

The Agency’s responsibility regarding these transactions is to pass-through funds received to the primary recipients. Pass-through transactions are recorded as income or liabilities when received and expenses and reduction of liabilities when paid. The Agency has received and disbursed the following funds resulting from this pass-through activity during the years ended December 31, 2025 and 2024.

Pass through transactions	2025	2024
PILOT payments collected from businesses	\$ 60,111	\$ 72,664
Community Development Block Grant	266,629	592,541
Total pass-through transactions	\$ 326,740	\$ 665,205

PILOT payments received during the current year in the amount of \$60,111 and during the prior year in the amount of \$60,164, along with payments received during 2022 of \$12,500, were passed through to Allegany County during 2025 and 2024, respectively. As described in Note 11, the Agency received funds through block grants from Allegany County. Grants awarded and disbursed through the block grant totaled \$266,629 and \$592,541 during the years ended December 31, 2025 and 2024, respectively.

NOTE 11 – COMMUNITY DEVELOPMENT BLOCK GRANT

In 2023, the Agency entered into an agreement with Allegany County, whereby the Agency administered two Community Development Block Grants totaling \$1,255,000. In 2025, the Agency received approval for an expansion of this grant to continue providing microenterprise grants in the amount of \$300,000. The purpose of these grants is to provide grants to eligible businesses within Allegany County to assist in economic development. During the years ended December 31, 2025 and 2024, the Agency received proceeds from the grants of \$266,629 and \$592,541, respectively, which were distributed to eligible businesses and utilized towards administrative costs. These amounts were represented in the Statements of Activities as pass-through transactions during the years ended December 31, 2025 and 2024.

NOTE 13 – OTHER RECEIVABLES

Windfarm

During 2024, the Agency entered into an agreement with a company related to the construction of a windfarm. The agreement calls for administrative fees (1% of the project) of \$4,140,000 to be paid to the Agency in equal installments over a period of three years. A closing on the project took place in December 2024, at which time the initial payment of \$1,380,000 was made. The project commenced prior to December 31, 2024. As a result, the management fee was earned and recognized as revenue in the Statements of Activities during 2024. The remaining payments under the agreements are classified as current receivables in the amount of \$2,760,000 as of December 31, 2025. The Agency received payment of \$1,380,000 in January 2026.

Other Project

During 2024, the Agency entered into an agreement with a company related to a construction project. The agreement called for administrative fees of \$49,800 of which \$25,000 was received by the Agency during the year ended December 31, 2024 and recognized as revenue. The remaining \$24,800 was received during January 2025.

NOTE 14 – BROWNFIELDS ASSESSMENT COOPERATIVE AGREEMENT

In 2024, the Agency entered into a four year EPA Brownfields Assessment Cooperative Agreement totaling \$500,000. The purpose of the agreement is to provide funding to address legacy contamination through phase 1 and phase 2 investigation to prepare sites for redevelopment by investors that will create jobs, affordable housing and a revitalization to the Village of Wellsville and other communities in Allegany County. During 2025, the Agency received proceeds of \$43,174 for expenses incurred to administer the agreement.

NOTE 15 – ALLEGANY COUNTY LOCAL DEVELOPMENT CORPORATION

Allegany County approved the formation of the Allegany County Local Development Corporation (ACLDC) in 2024 with approvals of official formation by the state granted in 2025. The corporation will be supporting the ACIDA on economic development including starting a low interest loan program. ACLDC is a legal separate entity from the Agency. During 2025, the Agency paid \$15,000 for the cost of organization of ACLDC. This is recorded in legal and professional fees on the Statements of Activities.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events were evaluated by management through March 23, 2026, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SALE/LEASEBACK PROJECTS

Name of Project: 5744 County Rd 20 LLC dba Quicklee's (PEMM)
Address of Owner: 5744 County Rd. 20 Amity, NY
Date of Inception: 2020
Date of Expiration: 2034

Name of Project: Alliance Energy (formerly RG&E)
Address of Owner: 11589 State Route 19A Hume, NY
Date of Inception: 2014
Date of Expiration: 2029

Name of Project: Arvos Ljungstrom
Address of Owner: 3020 Truax Rd Wellsville, NY
Date of Inception: 2022
Date of Expiration: 2036

Name of Project: Brightfield Solar
Address of Owner: 246 NY Route 70 Burns, NY
Date of Inception: 2021
Date of Expiration: 2035

Name of Project: GSPP 2946 Lewis Rd LLC
Address of Owner: 2495 Lewis Rd Wellsville, NY
Date of Inception: 2023
Date of Expiration: 2037

Name of Project: Hume Wiscoy 1
Address of Owner: 11500 Dugway Rd Fillmore, NY
Date of Inception: 2022
Date of Expiration: 2051

Name of Project: Hume Wiscoy 2
Address of Owner: 11438 Dugway Rd Fillmore, NY
Date of Inception: 2022
Date of Expiration: 2051

Name of Project: Independence State Route 248 Solar
Address of Owner: 1550 SR 248 Independence, NY
Date of Inception: 2025
Date of Expiration: 2039

Name of Project: NSF Angelica Sites 1-4
Address of Owner: 6902 County Road 26 Lot 1-4 Angelica, NY
Date of Inception: 2023
Date of Expiration: 2037

Name of Project: NSF Burns Sites 1-4
Address of Owner: State Route 70 Burns, NY
Date of Inception: 2024
Date of Expiration: 2038

Name of Project: NY Alfred 1, LLC
Address of Owner: 5568 Jericho Hill Rd Alfred, NY
Date of Inception: 2024
Date of Expiration: 2038

Name of Project: NY Rushford 1 Podunque Rd Solar Project
Address of Owner: 9581 Podunque Rd Rushford, NY
Date of Inception: 2024
Date of Expiration: 2035

Name of Project: OYA Independence East
Address of Owner: 1626 Co Rd 22 Independence, NY
Date of Inception: 2023
Date of Expiration: 2037

Name of Project: OYA Independence Rd LLC
Address of Owner: 1644 Independence Rd Independence, NY
Date of Inception: 2023
Date of Expiration: 2037

Name of Project: Runnings
Address of Owner: 121 Bolivar Rd Wellsville, NY
Date of Inception: 2023
Date of Expiration: 2032

Name of Project: Swain Recreation Center LLC
Address of Owner: 2275 County Rd 24 Canaseraga, NY
Date of Inception: 2024
Date of Expiration: 2038

Name of Project: Indus Wellsville
Address of Owner: 30 West Dyke St Wellsville, NY
Date of Inception: 2024
Date of Expiration: 2033

Name of Project: OYA Independence North
Address of Owner: 1669 Co Rd 22 Independence, NY
Date of Inception: 2023
Date of Expiration: 2037

Name of Project: PM Research
Address of Owner: 2475 Tarantine Rd Wellsville, NY
Date of Inception: 2023
Date of Expiration: 2038

Name of Project: Acme
Address of Owner: N Water St Cuba, NY
Date of Inception: 2015
Date of Expiration: 2026

Note: Additional information regarding the projects listed above can be found in the New York State Public Authorities Reporting Information System including: Project Amount; Benefit Project Benefited; Sales, Property and Mortgage Recording Tax Exemptions; Date Project Approved; Date IDA took Title to Property; Number of Jobs Created and Retained, etc.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

**To the President and
Members of the Board of Directors
Allegany County Industrial Development Agency
Belmont, 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 *Allegany County Industrial Development Agency* and its component units as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise *Allegany County Industrial Development Agency* and its component units' basic financial statements and have issued our report thereon dated March 23, 2026.

Report On Internal Control Over Financial Reporting

In planning and performing our audit, we considered *Allegany County Industrial Development Agency* and its component units' 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 *Allegany County Industrial Development Agency* and its component units' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, that we consider to be material weaknesses as described in the accompanying schedule of findings and questioned costs as items II.A.2025-001 and II.A.2025-002.

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Allegany County Industrial Development Agency's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

Allegany County Industrial Development Agency Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the *Allegany County Industrial Development Agency* and its component units' responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. *Allegany County Industrial Development Agency* and its component units' responses were not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
March 23, 2026**

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

I. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of *Allegany County Industrial Development Agency* and its component units.
2. Two material weaknesses relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Governmental Auditing Standards".
3. There were no instances of noncompliance and other matters material to the financial statements of *Allegany County Industrial Development Agency* reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards".

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2025-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended December 31, 2025

Condition and criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the Agency to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to recording assets and liabilities on the accrual basis of accounting. In addition, a draft of the financial statements was prepared by the auditors.

Cause: The Agency requires assistance for external financial reporting in accordance with accounting principles generally accepted in the United States of America.

Effect: AU-C Section 265 entitled Communicating Internal Control Related Matters in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without assistance, the potential exists of the Agency's financial statements not conforming to GAAP.

Auditor's Recommendations: Although auditors may continue to provide such assistance both now and in the future, under the new pronouncement, the Agency should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the drafted financial statements.

Agency's Response: The Agency has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit. The Agency will continue to review and approve similar information in future years. Further, the Agency believes it has a thorough understanding of these financial statements and the ability to make informed judgments on those financial statements. The Agency has refined and improved the daily recordkeeping of the agency and refined policies and procedures related to the recording and reporting of revenues and expenditures throughout the year. These efforts have focused on the implementation of a complete and reconcilable record keeping system with monthly reporting to the Board.

II. FINANCIAL STATEMENTS AUDIT – FINDINGS (CONTINUED)

A. INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

2025-002 Segregation of Duties

Year ended December 31, 2025

Condition and criteria: We noted that one individual is primarily responsible for opening the mail (cash receipts “checks”), maintaining the general ledger (including recording cash receipts “checks” and cash disbursements), depositing cash “checks” and reconciling cash.

Cause: The Agency is a small government with limited number of personnel.

Effect: A fundamental element of an effective internal control system is the proper segregation of duties. Proper segregation of duties provides for a system of checks and balances and entails assigning responsibilities of authorizing and recording transactions among different people in the Agency. A lack of proper segregation of duties increases the exposure to potential risk of error or fraud.

Auditor’s Recommendations: We recommend that the Agency assign bank reconciliations to be prepared by a person independent of the individual responsible for the cash receipts and disbursements functions. After bank reconciliations are prepared, someone should be designated to then review the bank reconciliation and compare the balance to the cash accounts in the general ledger. If such division is not possible, we would suggest that the Executive Director or a member from the Board of Directors review bank reconciliations on a monthly basis. We would also recommend someone independent of the general ledger function, open all mail and maintain a daily cash receipts log. A person independent of the cash receipts function should be responsible for reconciling items recorded in this log as compared with that posted to the general ledger and deposited in the bank. This will enhance the segregation of duties in the cash receipts area.

Agency’s Response: The Executive Director and Board Treasurer continue to review the bank statements and bank reconciliations monthly.

B. COMPLIANCE AND OTHER MATTERS

Year ended December 31, 2025

No compliance and other matters findings are being reported upon during the year ended December 31, 2025.

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2024-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended December 31, 2024

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the Agency to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to recording assets and liabilities on the accrual basis of accounting. In addition, a draft of the financial statements was prepared by the auditors. AU-C Section 265 entitled Communicating Internal Control Related Matters in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without assistance, the potential exists of the Agency's financial statements not conforming to GAAP.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended December 31, 2025 as finding 2025-001.

2024-002 Segregation of Duties

Year ended December 31, 2024

Summary of Prior Year Finding: We noted that one individual is primarily responsible for opening the mail (cash receipts "checks"), maintaining the general ledger (including recording cash receipts "checks" and cash disbursements), depositing cash "checks" and reconciling cash. It is also our understanding that the personnel of the Agency are not currently bonded. A fundamental element of an effective internal control system is the proper segregation of duties. Proper segregation of duties provides for a system of checks and balances and entails assigning responsibilities of authorizing and recording transactions among different people in the Agency. A lack of proper segregation of duties increases the exposure to potential risk of error or fraud.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended December 31, 2025 as finding 2025-002.

B. COMPLIANCE AND OTHER MATTERS

Year ended December 31, 2024

There were no findings related to compliance and other matters during the year ended December 31, 2024.

**To the Chairman and Members of the
Board of Directors
Allegany County Industrial Development Agency
Belmont, New York**

We have completed our audit for the year ended December 31, 2025 of the Agency's financial statements and have issued our reports thereon dated March 23, 2026. Our audit report expressed an unmodified opinion which states that the Agency's financial statements are in accordance with generally accepted accounting principles for governments. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the **Allegany County Industrial Development Agency** for the year ended December 31, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation. Except as noted within the body of such reports, the Agency generally was in compliance with laws and regulations and maintains a reasonable system of accounting internal controls.

The following items are a list of additional comments which we desire to bring to the audit committee, board of directors and management's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon by the Agency:

Positive Pay

The Agency should consider implementing a positive pay service from their financial institution. Positive pay is a fraud deterrent service offered by banks that allows customers to monitor and control the payment of checks. It also provides assurance that presented items have not been fraudulently altered. The customer provides the bank with an electronic listing of all disbursements. Each check presented for payment is compared to this database (check number, amount, payee, date, etc.) and any checks that do not match are placed on an exception listing. The exceptions are available to the Agency to review daily, usually online, so they can make a final determination of payment.

Agency Response: The Agency is reviewing the cost/benefit of implementing Positive Pay.

Forecasting

Given the Agency sold the Crossroads Commerce Center and hired employees during the current year, the Agency should consider preparing a five-year forecast to ensure its long-term financial plan coincides with its economic development plan.

Agency Response: At this time, the Agency is re-focusing its development efforts and a five year forecast will be developed in 2026. A Strategic Plan for the Agency is under development and revision. The primary sources of funding are expected to increase in the near future providing alignment with the County Economic Strategic Plan.

Cost Allocation

During the current year, the Agency recorded a transfer from ACUC to Allegany County Industrial Development Agency to recognize the estimated costs (administrative and overhead) incurred by the Agency. We recommend that the Agency perform time studies and other methodologies to document time spent on support of ACUC.

Agency Response: The Agency will perform time studies and other methodologies to document time spent on support of ACUC.

Collateral of Cash Balances

As of December 31, 2025, the Agency's cash balances exceeded FDIC insurance levels in the amount of approximately \$1,000,000. We recommend the Agency determine whether its financial institutions can provide additional collateral levels for when cash deposits exceed FDIC coverage.

Agency Response: The Agency will work with our banks to assure that cash balances do not exceed FDIC insurance by either moving funds or finding alternative collateral.

We would like to take this opportunity to thank the management and staff of the Agency for their assistance and cooperation during the course of our fieldwork. It has been a pleasure to be of service to the **Allegany County Industrial Development Agency**.

Sincerely,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO
Olean, New York
March 23, 2026